DOCUMENT RESUME

ED 149 164 CE 014 572

TITLE	On-the-Job Training: CETA Program Models.
INSTITUTION	Employment and Training Administration (DOL), Washington, D.C.
PUB DATE	77
NOTE	43p.
AVAILABLE FROM	Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402 (Stock Number 029-000-00295-9)
EDRS PRICE	MF-$0.83 HC-$2.06 Plus Postage.
DESCRIPTORS	Community Involvement; Contracts; Educational Alternatives; Employment Programs; Federal Legislation; Federal Programs; Historical Reviews; Manpower Development; Marketing; *Models; Occupational Information; *On the Job Training; *Program Administration; Program Budgeting; *Program Development; *Program Evaluation; *Program Improvement; School Industry Relationship; Work Experience Programs
IDENTIFIERS	*Comprehensive Employment and Training Act

ABSTRACT

This monograph, one of a series on Comprehensive Employment and Training Act (CETA) program models, is designed to make available to prime sponsor staffs the lessons some of their colleagues feel they have learned from service in CETA and previous programs. The content is in seven sections. The first discusses the philosophy and purpose of on-the-job training (JT) and upgrade training as an OJT program. Section 2 reviews the historical development of OJT policies, including the Manpower Development and Training Act, the National Alliance of Businessmen's Job Opportunities in the Business Sector Program, and CETA. Section 3 discusses several considerations in developing and operating OJT programs, including objectives, OJT versus classroom training, economic conditions, realistic budgeting, operating or subcontracting the program, job descriptions of key positions, production and performance standards, linkages with other employment and training programs, selection of industries and jobs, and monitoring. The fourth section discusses marketing considerations and includes target population priorities and characteristics, legislatively mandated priorities, the job market, contact service representatives and employer contact procedures, and public relations tools. The OJT contract design, including essential features, a pre-CETA model, cost reimbursement versus fixed cost, and supportive services are covered in section 5. Section 6 describes several experimental OJT alternatives, such as, incentive payment to trainee and contract extension. The final section makes recommendations for OJT program improvements. (EM)

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On-the-Job Training: CETA Program Models

U.S. Department of Labor
Ray Marshall, Secretary

Employment and Training Administration
Ernest G. Green
Assistant Secretary for Employment and Training
1977

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Stock No. 029-000-00295-9

SPECIAL NOTE

This monograph is one of a series entitled *CETA Program Models* prepared for the Employment and Training Administration's Office of Community Employment Programs, with financial support by the Office of Research and Development. The series is divided into two parts. One, on program activities and services, was prepared under contract number 81-11-71-09 with the National Council on Employment Policy and edited by Garth Mangum of the University of Utah.

The monographs being issued or prepared for publication in this part of the series are *On-the-Job Training* by James Bromley and Larry Wardle; *Job Development and Placement* by Miriam Johnson and Marged Sugarman; *Classroom Training—The OIC Approach* by Calvin Pressley and James McGraw; *Supportive Services* by Susan Turner and Caroline Conradus; *Intake and Assessment* by Lee Bruno; *Work Experience Perspectives* by Marion Pines and James Morlock; and *Public Service Employment* by Ray Corpuz. Others may be added as circumstances warrant.

The authors, experienced employment and training program operators themselves, review the purposes and means of carrying out CETA functions and comment on methods they have found useful in conducting programs and avoiding pitfalls. The series is commended not only to program operators and their staffs, but also to community groups and other manpower services professionals in the hope that this information will enable more people to learn about CETA programs, stimulate new ideas, and contribute to improving the quality of employment and training programs.

The second part of the series deals with innovative programs conducted under title VI of CETA. At present, the only monograph in this part is *CETA Title VI Project Description Reports*. It was prepared under contract number 82-37-71-47 with MDC, Inc., of Chapel Hill, N.C. Additional reports describing other innovative programs are planned.

The series should not be regarded as official policy or requirements of the U.S. Department of Labor. Although every effort has been made to assure that the information is consistent with present regulations, prime sponsors are urged to consult current regulations before adopting changes the authors may advocate. The authors are solely responsible for the content.

Copies of other titles in the series may be obtained from:

Office of Community Employment Programs
Employment and Training Administration
U.S. Department of Labor
601 D Street, NW.
Washington, D.C. 20213

Reader comments and suggestions are welcomed and may be sent to the above address.

FOREWORD

On-the-Job Training is one of a series of monographs with the general title, *CETA Program Models*. The series is designed to make available to prime sponsor staffs the lessons some of the more experienced of their colleagues feel they have learned from service in Comprehensive Employment and Training Act (CETA) and previous programs.

Jim Bromley is assistant director and program manager of the National Alliance of Businessmen (NAB) for the State of Utah. His background includes 6 years with the State employment service as an unemployment insurance claims examiner and as an employment interviewer before joining the National Alliance of Businessmen as a contract service representative in 1971. He holds a master's degree in human resource management from the University of Utah.

Larry Wardle is an employment security specialist with statewide responsibility in Utah for contracting under CETA. He spent 3 years on assignment with NAB and 2 years as executive secretary of the Cooperative Area Area Manpower Planning System (CAMPS) after experiences as a local employment service office manager, labor market analyst, and employment interviewer. He holds a master's degree in industrial relations from the University of Utah.

Bromley and Wardle draw upon their experiences in a small State with a history of statewide manpower planning in which the State employment service has played a key role. What they advise has worked in that setting. As with each monograph in this series, the reader is urged to accept and adapt to the setting at hand only that which gives promise of usefulness from the experience of peers.

Garth L. Mangum
Series Editor

PREFACE

As the 1970's draw to a close, attention is focused on the direction employment and training programs will be taking in the next decade. As a result of the Comprehensive Employment and Training Act, old programs are undergoing critical reevaluation. Hitherto accepted solutions to long-standing problems are subjected to close questioning. In line with these departures, this monograph attempts to provide a fresh approach to on-the-job training (OJT) and, in so doing, to offer the CETA prime sponsor and the on-the-job training program operator the basis for new programmatic directions.

On-the-job training (OJT) is not a new concept, but rather is a form of training that has been used since work began. However, since the advent of the Manpower Development and Training Act (MDTA) of 1962, interest in and study of OJT have greatly increased. A review of the period since passage of MDTA, coupled with the extensive experience of the authors, may prescribe some remedies for today's problems, and form the basis for more effective training programs in the future.

This monograph, however, is not intended primarily as a technical assistance guide, but rather as an overview of some philosophical and operational considerations for both the policymaker and the program operator. Some of the material is quite elementary, intended for those with little knowledge of on-the-job training or experience in these activities. Other sections of the monograph are intended for readers quite familiar with on-the-job training in the hope of stimulating their thinking and providing ideas for creating better on-the-job training programs.

What, for example, are the inherent strengths, weaknesses, and limitations of this type of training? Philosophically, what should be the central focus of on-the-job training—training for jobs or placing unemployed persons in jobs? These sometimes conflicting objectives are reviewed, along with the ways in which the issue affects planning and operations.

Further on, the authors argue that on-the-job training involving private-for-profit employers has not been utilized to the extent that it could be. Well-planned and aggressive soliciting of employer OJT contracts can prove successful beyond most prime sponsors' expectations. Indeed, the authors believe that this type of planning and soliciting, when carried out in tandem with a well-articulated public relations program, will produce a program limited in size only by the available funding.

CETA presents an opportunity for prime sponsors to be innovative and flexible in designing and implementing on-the-job training programs. Suggestions and examples are given involving such concepts as incentive payments, variable reimbursement rates, and contract extension. Specific tailoring of contracts to individual trainee needs is also explained, along with some thoughts on the use of voucher systems whereby trainees develop their own personalized training programs.

The monograph ends with some conclusions about on-the-job training and its present application under CETA. In addition, recommendations for program improvements are offered.

The authors believe this monograph makes a significant contribution to the understanding of on-the-job training and partially fills a void left by other publications on the subject.

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1. PHILOSOPHY AND PURPOSE OF OJT

Philosophy of OJT

The basic philosophy of OJT is that, for many occupations, a trainee learns best by doing the work in an actual work situation, using the employer's procedures and equipment according to the employer's requirements. This is particularly the case for semiskilled occupations in which workers are hired at an unskilled level and move upward through a progression of jobs, each involving small increments of skill.

The purpose of OJT as an employment and training program is to place individuals in a work and training situation. It is especially well suited for disadvantaged persons who may be disenchanted with classroom types of training. Many disadvantaged clients need extra help and effort on their behalf to overcome obstacles and become meaningfully employed. Reimbursement under OJT contracts is designed to motivate employers to hire individuals they might otherwise not consider by helping the employer cover the extraordinary costs of hiring, training, and retaining disadvantaged persons as workers. As an employment and training program, OJT has the following features:

(1) Clients start work immediately. The concept is to hire first and train later.
(2) Clients are not trained for the uncertainty of a future job that may or may not exist.
(3) The training is practical and comprehensive in that it exposes the trainee to an actual work environment, pressures, interpersonal relationships with fellow workers, and the ritual of company procedures.
(4) Trainee performance can be evaluated on the job.
(5) The trainee is trained according to employer needs and desires.
(6) For many jobs OJT is less expensive and more flexible than other training programs.
(7) The trainee immediately becomes a productive member of the work force. Employment of the disadvantaged can also have economic significance in terms of a reduction in welfare, unemployment, and similar transfer payments. Another important economic benefit is that the individual becomes a consumer with increased purchasing power.

Each of these features is desirable in an employment and training program. There are, however, some limitations and weaknesses inherent in OJT, such as the following:

(1) Some clients have problems so severe that they cannot meet entry level requirements for employment. Such individuals require preemployment training, counseling, or other service before they can be considered job ready.
(2) Clients who are hired and placed in an OJT situation often require supportive services to successfully adjust or benefit from training. Many employers have found it difficult to provide timely and effective services.
(3) OJT seems to be feasible and best situated for entry level jobs. Many such jobs offer little hope of advancement to higher level jobs and pay. A trainee in such a position may quit and once again be in need of employment and training.
(4) OJT is not suitable for certain kinds of jobs. If the knowledge and skill required are theoretical, mathematical, scientific, or academic, a background in formal education is usually required.
(5) OJT is generally less expensive to conduct than other kinds of training. However, it may prove to be more costly for an employer, since greater time demands are placed on supervisors. Also, combining training and production results in less output than would have occurred if the total effort had been devoted to production alone.
(6) Often craft or other workers who provide training to newly hired employees do not have the skill to be good instructors. Sometimes they resent sharing their knowledge and feel that the trainee is being given advantages they themselves did not have.

These obstacles present a challenge that may be overcome, in part, through innovative design and creative administration.

Purpose of OJT—Two Viewpoints

As an employment and training program, OJT incorporates some form of reimbursement to employers to offset the costs of training. The only justification for that payment is to motivate employers to perform a public service they would not normally perform. Generally, that public service is to hire a comparatively disadvantaged person who might otherwise have been rejected. Less

often, it may be to upgrade a current employee in whom the public has a special interest. There are two possible objectives in the subsidized employment and training of a new employee. First, the reimbursement "buys" a job for the trainee, and gainful employment is the major objective. Accordingly, success occurs when the person is hired and retained as an employee. Placement becomes an end in itself. One implication of this view is that the amount and quality of training is secondary to continued employment.

A second view of the purpose of OJT is that the reimbursement to an employer buys training which makes the trainee more marketable as a result of increased skill. In this context, the placement and training are means to an end. Retention of the worker by the contracting employer is of secondary importance, so long as meaningful training is provided. Indeed, employment during the training period may even be considered as transitional employment.

Each of the above points of view has merits, but the viewpoint to which a CETA planner subscribes has far-reaching implications for planning and operating OJT programs. The kind of employers sought for contracts, expectation of training, and evaluation of the contract's success are all affected by one's point of view regarding the purpose of contracting for OJT.

Upgrading as an OJT Program

Although CETA allows upgrade training, little has been done because CETA regulations effectively preclude it. To be eligible for upgrading, a person must be employed and must meet the poverty level guidelines. Few employed persons have incomes in relation to family size that make them eligible for upgrade training. Basically, upgrade OJT is used in situations where employees are confronted with barriers to occupational or career advancement. Many times a person working at an entry level job lacks the skill and training to be promoted to a higher level job. The employer may feel that upgrade training is not a justifiable cost as long as other workers with the requisite skills are available from inside or outside the establishment.

Encouraging employers to provide upgrade training and other services that enhance career opportunities for the working poor may result in the following benefits:

(1) More entry level jobs for the unemployed.
(2) Less turnover as a result of higher morale and job satisfaction.
(3) Increased realization of human resources potential.
(4) Greater productivity of the work force through training.

However, CETA planners may be reluctant to provide for upgrade training because of the requirement cited above and because of such considerations or opinions as:

(1) The lack of resources and the pressing needs of the unemployed permit expenditures only for entry OJT.
(2) The payment of government funds for upgrading is a subsidization of private business that is objectionable in principle and philosophy.
(3) It is too expensive, and the expected returns are doubtful or uncertain. Therefore, it is not considered a prudent investment of funds.
(4) It takes too much effort and thought to develop an effective program.
(5) Unions may not support the concept, and collective bargaining agreements may exclude eligible employees from participation.

It is advisable for CETA planners to give some thought to OJT upgrade training in view of local needs and circumstances. Technical assistance for designing and implementing such programs may be available from Department of Labor representatives.

2. HISTORICAL DEVELOPMENT OF ON-THE-JOB TRAINING POLICIES

On-the-job training began when a father first taught a son how to hunt. It is such a natural process that it does not lend itself to formal historical treatment. Employers have always assumed some training responsibility particularly for those jobs which do not involve high theoretical content and which can be taught by a supervisor or a fellow worker. Apprenticeships are another variant.

We are concerned here primarily with public policy regarding on-the-job training as a tool of human resource development. The real impetus began during World War II when the labor force expanded rapidly to include women and other inexperienced workers or workers untrained in the specific job skills needed. Employers had to train workers as part of the war effort; it was expected of them. After the war, the GI Bill proved the value of public-supported training of workers, often expressed as a combination of formal education and on-the-job training. That experience proved a basis for public programs which were to follow more than a decade later.

On-the-Job Training and the Manpower Development and Training Act

Surprisingly, little in the way of on-the-job training was developed under the Manpower Development and Training Act of 1962. The MDTA was the second of the New Frontier/Great Society anti-unemployment programs (after the Area Redevelopment Act), and OJT was included in the legislation as a parallel effort with classroom training. However, institutional training, as the school version came to be known, had gained a foothold under the ARA and had a built-in local administering bureaucracy which did not exist for OJT, leaving the latter to a late start and a slow growth.[1] Moreover, key congressional figures complained that OJT had not fulfilled expectations, because some of the appropriated funds were unused in the existing slack labor market. Initially, the Labor Department had little faith in the capability of the vocational education system to train for successful employment; the Department preferred the direct approach of OJT. But promoting OJT was simply more difficult than developing institutional projects. As long as potential employment opportunities could be identified and trainees recruited, an institutional training class could be developed.[2] Furthermore, OJT required employer participation, and in the existing slack labor market, employers faced few recruiting difficulties.

In spite of this, Department of Labor policymakers recognized that OJT was less expensive to the public than vocational education; it offered no problems of recruiting instructors, purchasing equipment, keeping up with industrial developments, or placing graduates. In addition, since OJT included a job while institutional training offered primarily a "hunting license" with which to seek a job, it was viewed by policy makers as an attractive way to involve private business. Years of slack demand had seen company training programs atrophy, reimbursement for training costs were available, and the choice of employees was to be left to the employer.

Efforts to Increase Private Employer Participation

Accordingly, as time passed and the labor markets continued to tighten, the MDTA emphasis gravitated from institutional training to OJT, with the latter rising from 6 percent to 48 percent of the total effort from 1963 to 1968.[3] Employer associations, hoping for a piece of the action, acted as prime contractors to promote OJT and to subcontract with their members. Community groups such as the Urban League, which also served as prime contractors, had a different set of objectives but lacked experience and employer contacts. As a result, over one-third of the available slots were used to upgrade employees already on the payroll. Moreover, on-sight observation found training ranging from excellent to none at all. In a few extreme cases, employers were unable to identify employees enrolled in MDTA-OJT.[4]

In spite of the problems with OJT, the average budgetary costs were lower and the placement (retention) rate much higher than for institutiontial training. For example, of the 83,600 trainees who completed OJT projects in

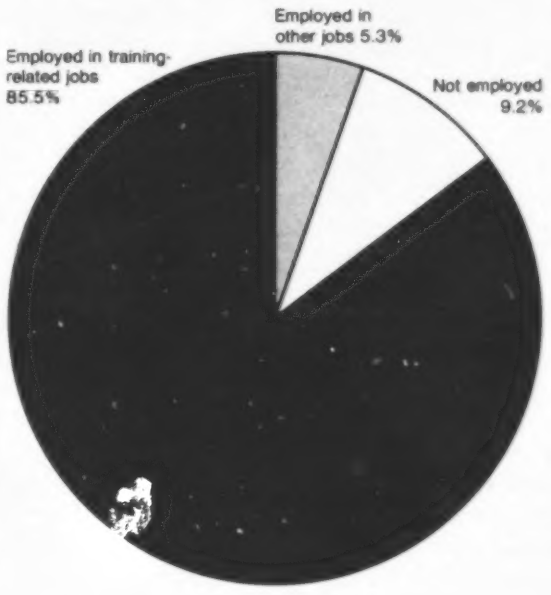
[1] Garth L. Mangum and John Walsh, *A Decade of Manpower Development and Training* (Salt Lake City: Olympus Publishing Company, 1973), p. 8.

[2] Garth L. Mangum, *Manpower Development and Training Act, Foundation of Federal Manpower Policy* (Baltimore: The Johns Hopkins Press, 1968), p. 61.

[3] Arnold L. Nemore and Garth L. Mangum, "Private Involvement in Federal Manpower Programs," in Arnold R. Weber, Frank H. Cassell, Woodrow L. Ginsburg, eds., *Public-Private Manpower Policies* (Madison: Industrial Relations Research Assoc., 1969), p. 64.

[4] Ibid., p. 62.

Chart 1. Employment Status of Workers Completing On-the-Job Training, Fiscal Year 1967



Source: U.S. Department of Labor, Manpower Administration

fiscal year 1967, about 91 percent were employed at the time of the last post-training follow-up, most of them in training-related work (see chart 1).[5] Furthermore, an examination of OJT program expenditures for the corresponding period of time showed that the average cost to the government of MDTA-OJT was relatively low. It approximated $650 per trainee, more than $900 below the average for the institutional training program.[6] As a result, considerable government pressure was applied for continued rapid expansion of OJT programs. Simultaneously, there was a tightening of the labor market, and many employers were looking for new employees. OJT program administrators, at the focal point of these forces and with limited staffs, hurried to fill a growing number of slots. The outcome was that, in too many cases, the characteristics of those enrolled aroused suspicion that the workers were not particularly different than those the employer would have hired in the absence of the relatively small subsidy.

In an attempt to improve on this record, subsequent MDTA-OJT administrative decisions required that program administrators maintain an appropriate ratio of disadvantaged to non-disadvantaged trainees; e.g., fiscal 1970 guidelines specified a 50/50 placement target.

Still, employers seemed reluctant to hire the undereducated, the young, the old, and members of minority groups, limiting the potential of OJT for serving the disadvantaged unless new approaches were developed. Furthermore, experience with disadvantaged trainees seemed to substantiate the employers' foot-dragging position. Training the disadvantaged often required basic education before they could understand simple work instructions, job-related education so that they could understand the task, special counseling to ameliorate personal problems, travel assistance and child care, medical and dental care, and a smattering of other supportive services before any of their work potential could be realized.

Even after the requirements for 50 percent disadvantaged were imposed employers tended to fill their training slots with the better qualified among the "disadvantaged" applicants. In fact, one study of OJT subsidies to small employers in New Haven, Connecticut, indicated that a sizable number of the employers (22 out of 95) viewed the subsidies as payments, for which they did nothing in return. Thirty-nine were disheartened by the behavior of trainees, and either refused to use the OJT program again or put new conditions on continuing its use.[7]

Nevertheless, the decision had been made to promote the OJT idea and to ensure that a substantial part of the public money would go for training workers who did not have a reasonable expectation of meaningful employment without some form of assistance. Against this background, the Department of Labor began to explore other approaches to stimulate more private employer participation.

Motivated by a combination of ghetto riots in their home cities and the tightening labor markets of the Vietnam war, a few employers took initatives in hiring disadvantaged workers from the central cities, often in pursuit of defense contracts and in response to affirmative action pressures. Federal officials, noting these initiatives, began a series of contracting efforts, persuading employers to hire disadvantaged workers and offering to underwrite with public funds the additional costs of hiring these workers in preference to more familiar ones. All of this culminated in a special presidential message in January 1968 and the launching of the National Alliance of Businessmen's Job Opportunities in the Business Sector Program (NAB-JOBS).[8]

[5] *Manpower Report of the President* (Washington: U.S. Department of Labor, 1975), p. 320.

[6] Ibid., April 1969, p. 62.

[7] Robert S. Goldfarb, "The Evaluation of Government Programs: The Case of New Haven's Manpower Training Activities," (unpublished Ph.D. thesis, Department of Economics, Yale University, 1968), pp. 112-18.

[8] Sar A. Levitan, Garth L. Mangum, and Robert Taggart III, *Economic Opportunity in the Ghetto: The Partnership of Government and Business*. A Joint Publication of the Center for Manpower Studies, George Washington University, and the National Manpower Policy Task Force (Baltimore: The Johns Hopkins Press, 1970), p. 81.

Teaming Government On-the-Job Training Programs with Private Business Leadership—the JOBS Programs

Although JOBS was the outgrowth of MDTA-OJT, it differed it several fundamental respects:

(1) It was designed to serve only disadvantaged workers.
(2) It was targeted primarily to the large urban areas.
(3) It relied on employers to provide not only job and training but also the full range of supportive services required to help disadvantaged workers make satisfactory job adjustments.
(4) It utilized the services and support of business employers to help promote the program's efforts.
(5) It stressed "hire first; then train and retain."

In essence, then, the NAB/JOBS program was initially aimed at continued testing of the basic concept of immediate employment for the hardcore unemployed and at exploring the training methods and related services that would be most effective in increasing these workers' skills, employability, and stability on the job. NAB was also concerned with finding better ways of enlisting employers' cooperation in the program and of helping them to overcome the serious problems entailed in absorbing disadvantaged people in to their work force.

The JOBS program involved a commitment by employers to hire these workers first and train them after—building on the accumulated evidence that initial placement in a job at regular wages does much more to motivate a disadvantaged individual than a training period before employment with only a promise of a future job. The program put the services and financial powers of government at the disposal of industry, a plan which experience had shown was essential if the disadvantaged unemployed were to receive the range and depth of services required to help them become productive workers.

Simply stated, the objectives of the NAB were as follows:

(1) To stimulate the awareness, involvement, and commitment of the business community.
(2) To secure job pledges.
(3) To facilitate the actions required to get the people on the job and keep them there.
(4) To have the Alliance advise and assist the government in shaping employment and training programs to community needs.

Results of the NAB/JOBS Effort

The evidence suggests that NAB did a fairly good job of increasing the number of disadvantaged hired by many companies. Campaigns for job pledges and OJT contracts were carried out initially in 50 metropolitan areas, which NAB called "metros" for short. NAB added 81 more metros in 1969 and the total has been fluctuating since that time. These campaigns produced 8,400 contract jobs in the first year, 31,500 jobs in the second year, 52,800 jobs in the third year, 60,100 jobs in the fourth year, and 88,200 jobs in the fifth and largest year (fiscal 1971).[9] Closer examination of the statistics, however, reveals that the JOBS program had its greatest success during the period when labor demand was high. As demand began to falter toward the end of 1969, many of the NAB metros found it increasingly difficult to interest employers in OJT, since well-qualified workers were available. Of perhaps greater concern was the fact that many of the JOBS trainees found themselves in the age-old position of being the last hired and first fired.

With the advent of the Comprehensive Employment and Training Act (CETA) and its focus on decision making at the local governmental level, NAB has been phased out of OJT contract administration, but there is little doubt that it has made a significant impact upon the procedures companies follow in dealing with the disadvantaged after they are hired. Indeed the provision of special programming to meet the employment problems of the disadvantaged generally dismissed as preferential treatment before 1968—has become a way of life for many of the NAB participating companies. NAB has not been phased out of existence, and few of the executives who have worked for the Alliance complain about its continuance.

Today, the Alliance has expanded its efforts on employment and employability development programs for youth, veterans, and ex-offenders. In addition, the partnership of government, business and labor has been expanded to include education in order to more effectively deliver prevention and correction services. More specifically, NAB is attempting to strengthen the education and training opportunities of local school systems with industry know-how and resources. NAB believes that both sides can learn from each other and jointly help the school systems better prepare students for entry into the labor market. Moreover, NAB experience with OJT programs has made a positive contribution to the design of CETA/OJT provisions.

CETA prime sponsors now have the opportunity to further experiment with the OJT hiring and training tools developed over a period of many years. These experiments can take place entirely outside the aegis of NAB, or they can take place on a shared experience basis. The weight of evidence suggests that the shared experience approach will produce better results.

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[9] *Manpower Report of the President* (Washington: U.S. Department of Labor, 1975), p. 317.

3. CONSIDERATIONS IN DEVELOPING AND OPERATING ON-THE-JOB TRAINING PROGRAMS

Assessing Your Objectives

Considering the record of achievement for OJT programs, prime sponsor/planners would be remiss not to give serious consideration to an OJT component in their planning. However, there are several issues that should be explored before a planner can intelligently assess the need for OJT activities and identify the type, size, and timing of OJT program services that will yield optimum results. For example, the planner must first address the issue of program objectives. It makes a significant difference in both developing and operating an OJT program whether the stated program objective is to meet the needs of the particular market or to meet the needs of the disadvantaged target population. Under tight labor market conditions, a planner may be required to simply locate the high demand employers and channel the disadvantaged workers to their personnel offices. To illustrate, if the planner has sufficient funds to train 500 workers on OJT contracts and the labor market is calling for 500 welders, it may be necessary only to get the jobs and the workers together.

On the other hand, for the planner who wants to meet the needs of the disadvantaged target population, the job is more complex. Detailed analysis of the demographic data relating to the target population must be undertaken if intelligent judgments about disadvantaged needs are to be made. Disadvantaged populations include some people who are well motivated to work but who have various handicaps which prevent them from getting or holding jobs. Some are young people who are either school dropouts or products of very poor education, with limited work experience. Some are older workers who have been working at low skill or marginal jobs. Many are women on welfare, with children to support. Still others may have records of arrest, imprisonment, alcoholism, drug addiction, and severe personal or psychological problems.[10]

The best OJT plan is one which will meet both the needs of the labor market and the needs of disadvantaged workers who require help to reach acceptable levels of job performance.

[10] *Productive Employment of the Disadvantaged: Guidelines for Action*, Research and Development Findings No. 15, (Washington: U.S. Department of Labor, Manpower Administration, 1973), pp. 29-30.

Comparing On-the-Job Training with Classroom Training

Once the question of objectives is settled, the planner must further analyze the particular planning district to determine which of the available manpower training programs will best serve to accomplish the objective. For instance, classroom training can do some things better than OJT, but it has certain limitations. For example, planners must consider the availability of physical facilities in the particular planning district. It might be that a particular target area would have only limited classroom training facilities, and if they are operating at maximum capacity, other training programs must be considered by the planner. Also, the classroom training facilities that are available may have specific periods of time when they can enroll new students. Many, but not all, institutions offer some "open ended" classes; yet numerous occupations that the planner may want to consider for training programs require a step-by-step learning process which would limit enrollment flexibility. More specifically, this requires that the planner estimate the general educational development of the target population, the skill levels required for the jobs most available to the target population, and the capabilities of existing skill training facilities before intelligent decisions can be made about program mix.

Other issues to be considered in choosing between institutional and on-the-job training involve the comparative merits of the two activities in and of themselves. For example, the evidence suggests that employers prefer OJT because there is little question of its effectiveness, and because it is more flexible and less expensive for many jobs. The effectiveness or impact is readily apparent to supervisors who can observe whether or not the worker is learning the job. Moreover, OJT can be carried out by craft workers who may not be very effective in teaching formal classes but who might command considerable respect from trainees because of their demonstrated skills on the job. Thus, OJT does not require expensive instructors or training equipment. It is flexible because it can be adapted to a wide variety of work situations and can be combined with all other forms of training.

Workers also prefer OJT because they can see its relevance and are not as likely to consider it to be a "waste of time" as they often do classroom training.

On balance, institutional training is more appropriate where the theoretical content is extensive, where substantial training must precede production, where OJT supervision is difficult, where safety is an important consideration, and where the work setting can be sufficiently synthesized to give realism to the training.[11]

Looking at Economic Conditions

Economic conditions affecting both the local and national picture must also be studied by the planner before allocating funds to an OJT program. An economic downturn may place many employees in layoff status, limiting the option of employers to provide training to new employees. For service representatives to solicit contracts under these conditions might encourage employers to lay off more of their regular employees in order to make room for OJT trainees for which they receive reimbursement (This is prohibited in the CETA regulations, but it may still occur.) In other words, the planner would only be determining who —not how many—would be unemployed. The planner may be able to identify some growth industries unaffected by the general slump. Otherwise, the solution must be to place greater emphasis on public service employment, classroom training activities, or work experience. Conversely, if tight labor market conditions exist reflecting high or rising employment levels, it is comparatively easy to interest employers in OJT contracts.

Realistic Budgeting

Once the prime sponsor has received the total allocation of CETA funds available to the particular planning district and the decision has been made to allocate some portion of those funds to an OJT program, the prime sponsor must determine the level of funding required to do the job. The budget must cover the costs of such things as administration, training, staff services, and supportive services. Since the Department of Labor provides fairly detailed instructions on what constitutes allowable costs for an OJT program and what is required in the way of fiscal reports, this paper treats only items which have been learned from day-to-day experience that will help planners more effectively utilize the allocated funds.

For example, day-to-day experience has shown that it is helpful to include the following items in fiscal reports:

(1) The total amount of funds allocated to the program for administration, training, staff services and supportive services.
(2) The total obligations of funds by line item, preferably on a monthly basis.
(3) The total expenditures of funds by line item, preferably on a monthly basis.
(4) The total projected expenditures by line item, through the life of the prime contract.

Without this information, the planner cannot know if his or her efforts will produce the desired objective within the agreed upon time. Moreover, it is especially important for the planner to understand the relations between obligations and expenditures. Progress reports have shown that most OJT program operators have been able to do a reasonably good job of obligating the funds available, but not such a good job of expending the funds. Table 1 illustrates how the funds for the NAB/JOBS program were obligated and expended through June 30, 1974. Part of the problem as it relates to expenditures is that trainee turnover remains an unkown variable. Good accounting principles suggest that program operators must not obligate more money than has been allocated, and therein lies the problem. If the program operator does not overobligate in OJT activities, actual expenditures will generally run about 50 percent of available funds. This is because of the high number of trainees who leave OJT contracts before the training period is complete. (Ch. 4 discusses the turnover problem in greater detail.) Consequently, there is a lag period during which contracts must be renegotiated, new trainees must be recruited, and funds must be reobligated.

Table 1. Funding of JOBS Program, Fiscal Years 1968–74

(In Millions)

Fiscal Year	Funds Programmed	Funds Obligated	Funds Expended
1968	$114.2	$ 89.9	$60.0
1969	209.9	160.8	49.4
1970	175.0	148.8	21.7
1971	179.3	169.0	18.3
1972	164.8	118.2	15.4
1973	84.3	72.9	9.5
1974	80.6	64.0	8.4

Source: U.S. Department of Labor, Employment and Training Administration.

In addition, most OJT contracts are written for approximately six months. Thus, if a planner were to expend all OJT funds within a given fiscal year, the production schedule (see Production and Performance Standards) must require that all contracts be negotiated within the first six months. This is impractical, because good planning would provide for services to the target populations during the entire year. At the same time, seasonal hiring patterns of some of the employers may preclude or limit their participation if funds can only be obligated during part of the year.

[11] Garth L. Mangum and John Walsh, *A Decade of Manpower Development and Training* (Salt Lake City: Olympus Publishing Company, 1973), p. 134.

Table 2. CETA On-the-Job Training Financial Report, Fiscal Year 1978

Planning District _____ CETA Title _____

Month (1)	Contract Limit (2)	Expend. During Month (3)	Cumulative Expend. (4)	Balance Remaining (5)	Obligations During Month (6)	Deobligation During Month (7)	Total Projected Expend. (8)	Balance To Obligate (9)
TOTALS	$525,000	$475,000	$475,000	$ 50,000	$710,000	$185,000	$525,000	-0-
October	500,000	5,000	5,000	495,000	100,000	-0-	100,000	$400,000
November		10,000	15,000	485,000	100,000	20,000	180,000	320,000
December		15,000	30,000	470,000	50,000	30,000	200,000	300,000
January	525,000	25,000	55,000	470,000	75,000	10,000	265,000	260,000
February		30,000	85,000	440,000	100,000	10,000	355,000	170,000
March		50,000	135,000	390,000	50,000	20,000	385,000	140,000
April		50,000	185,000	340,000	50,000	10,000	425,000	100,000
May		60,000	245,000	280,000	50,000	20,000	455,000	70,000
June		70,000	315,000	210,000	50,000	15,000	490,000	35,000
July		60,000	375,000	150,000	40,000	20,000	510,000	15,000
August		50,000	425,000	100,000	40,000	20,000	530,000	(5,000)
September		50,000	475,000	50,000	5,000	10,000	525,000	-0-

Given these considerations, the Utah Job Service developed the fiscal reporting form depicted in table 2. Hypothetical numbers have been used in the table for illustrative purposes. For example, this particular planning district allocated $500,000 to its OJT program for FY 1978 to pay employers for extraordinary training costs associated with hiring disadvantaged workers. During the first month (October), it obligated $100,000 (column 6). However, since there is normally a lag period between the times the contract service representative negotiates the contract, obtains the necessary signatures, submits the required information to the accounting department, and verifies that trainees have been referred to the employer, only $5,000 was actually paid out (expended) at the end of the first month (column 3). Column 5 shows that there was a remaining balance of $495,000, but Column 8 indicates that if all of the trainees who were placed on OJT contracts during October stayed on the job long enough to complete the full training reimbursement period, $100,000 would be expended. Column 9 illustrates that, since $100,000 of the $500,000 had been obligated, there was a balance of $400,000 left to obligate.

Further analysis of the table indicates that by the end of December the planning district had obligated $250,000 and expended $30,000. Perhaps more important is the fact that a pattern of deobligations (Column 7) began to emerge. With this information, the planner could start to manage the activity levels of the program;, i.e., how much money could be obligated and expended each month in order to assure maximum utilization of the funds available. These data also have important implications for the organization and staffing of the program. Decisions can be made about how many contract service representatives are needed to obligate the agreed upon monthly totals, and how they can best be organized to acomplish the task.

Column 2 of table 2 shows that $25,000 in additional funds were allocated to the program in January. This may be because other programs were not doing as well as anticipated, or because feedback from the contract service representative suggested that employer aceptance was good for OJT and more funds could be obligated, or because of any of a dozen other reasons that required shifts in program funds.

Five important points should be made from this table. First, it attests that, if a planner wants a maximum use of OJT funds, it is necessary to overobligate. Note that in this planning district, $710,000 was actually obligated to achieve a 90 percent expenditure rate ($475,000 is 90 percent of $525,000). As a rule of thumb, the Utah experience indicates that planners can overobligate up to about 130 percent of available funds. In the example illustrated here, the overobligation was 135 percent

Second, in order to adhere to sound fiscal and acounting principles relating to overobligations, sponsors must ensure that their OJT contract assurances and certifications contain the caveat that "all payments to employers are subject to the availability of funds." This safeguard is necessary for two reasons: (1) Due to some unforeseen development, the Department of Labor may be required to withdraw funding to a sponsor; and (2) the OJT program may work so well that, if carried through, the overobligation would result in actual overexpenditures.

Third, in this case even though overobligation did occur, $50,000 was left unspent at the end of September. This means that planners probably cannot avoid some carry over of funds from one fiscal year to another if they provide job opportunities for disadvantaged persons during each of the twelve months. Inasmuch as OJT contracts average about six months in duration, we suggest that for planning purposes OJT programs should be viewed as having an eighteen month life cycle; i.e., twelve months in which contracts can be negotiated and six months for final payments to employers and necessary closeout activities.

Fourth, a fiscal control form of this type can greatly facilitate staffing. Too many planners assign contract service representatives to their OJT program with little or no thought about how many contracts one contract service representative can write or how much money one contract

will require. This subject will be discussed in greater detail under "Staffing for Optimum Results" later in this chapter.

Fifth, data of this type can tell the planner at a glance what the overall condition of the program is, and whether or not it will acomplish the agreed upon objective. For instance, a sizable deobligation rate may suggest that personnel assigned to screening, selection, and referral of trainees are not exercising adequate care. Perhaps trainees are being terminated for unsatisfactory job performance soon after starting the training. An inordinately high deobligation rate may also indicate that contract service representatives are not selecting the best employers with which to contract. Perhaps the employer's supervisors do not know how to relate to the disadvantaged workers. Company executives repeatedly cite the importance of such factors as "making the disadvantaged productive as soon as possible," having the trainee "make a hit with his/her supervisor," and understanding that "strong supervision" is vital to successful employment of the disadvantaged. This type of behavior often leads to another failure for the worker unless the management and supervisors can be oriented to the need for special assistance in adjusting disadvantaged workers to the job duties. The deobligation rate may also be a signal that counseling, job coaching, and other follow-up supportive services are not effective.

Finally, planners should be aware that good fiscal management requires other reports of this type covering administration, staff services, supportive services, and other activities that are directed at OJT functions. Generally, these activities are not subject to the numerous variables that influence the payments to employers. Thus, they are not specifically treated in this monograph.

Operating or Subcontracting Your Program

The first step for the prime sponsor in organizing an OJT program is to decide if the function will be operated by the sponsor or subcontracted to another agency or organization. If the decision is made to subcontract the function, the following items should be considered:

(1) That the sponsor develop an objective method of appraisal that will identify the agency or organization most capable of meeting the sponsor's stated objectives for the OJT program, and
(2) That the sponsor call for proposals from all agencies or organizations interested in subcontracting for the OJT program.

The following key questions are considered essential to proper evaluation of any agency or organization proposal:

(1) Does the proposal address existing labor market needs?
(2) Does the proposal address existing target population needs?
(3) Does the proposal provide for flexibility in meeting changing employer and trainee needs?
(4) Does the proposal show evidence of management and staff experience and competency?
(5) Does the proposal have administrative costs comparable to other proposals?
(6) Does the proposal have training costs comparable to other proposals?
(7) Does the proposal have supportive service costs comparable to other proposals?
(8) Does the proposal have staff service costs comparable to other proposals?
(9) Does the proposal provide for linkages with other agencies and organizations to share costs and services?
(10) Does the proposal have adequate safeguards to ensure that the services provided will not duplicate or overlap with the services of other agencies and organizations?

After careful analysis of the particular agency or organization, the prime sponsor may want to evaluate proposals by a numerical rating system. Reviewers would rank each question on a scale of one to ten points, for example. If the sponsor felt that a particular agency was well organized to meet existing labor market needs, a score of ten points would be given to question 1. In this manner agencies and organizations could be compared on the basis of total points. Subsequently, should a subcontract award dispute arise, having numerically weighted proposals could help the prime sponsor's staff to arrive at the best solution.

Normally, prime sponsors will want to look first at the Job Service as a possible subcontractor. There are good reasons for doing so. First, the Job Service has been operating OJT programs since the early 1960's. Often, their staff will have a wealth of knowledge about the program, the job market, and the target population. Second, the Job Service is required by the Department of Labor to use an "added cost" concept in determining its charges to CETA prime sponsors for services. In essence, this means that the Job Service will not charge for any services it normally provides to the general public. For example, the Job Service is required by law to complete a work application and provide placement assistance to any person who seeks such assistance at any one of its offices. For the prime sponsor, this means that the basic information required for an employability development plan for CETA enrollees is already available and the normal placement services will be provided at no charge. Other services such as counseling, testing, vocational guidance, and computer job matching can also be provided to the sponsor at comparatively low cost.

The third consideration in favor of the Job Service is that the CETA regulations require the use of the Job Service wherever possible. Indeed, prime sponsors must justify

in writing all services not contracted to the Job Service. This is not merely a self-serving requirement, but one which is designed to eliminate duplication, overlap, and confusion in program service delivery.

Nevertheless, there are numerous other organizations that have experience in taking disadvantaged workers off welfare rolls and putting them on payrolls. In addition to those mentioned in chapter 2, a partial list would include the National Urban League, the Opportunities Industrialization Centers (OIC's), and Operation Service, Employment, and Redevelopment (SER). It remains for the prime sponsor to decide which can do the job best for the least amount of money.

Staffing for Optimum Results

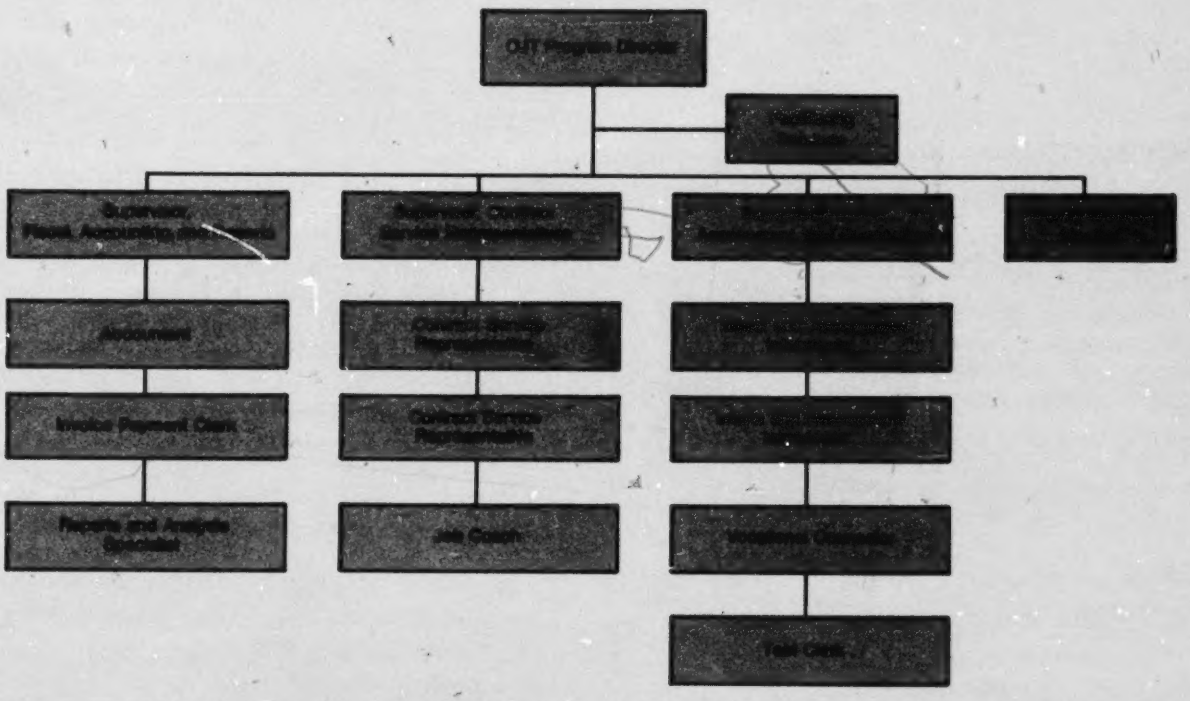
Regardless of the sponsor's decision to operate or subcontract, it is essential to have some idea of what constitutes an effective OJT program organization. This knowledge will facilitate evalution of the program operator's ability to perform both quantitatively and qualitatively. In this regard there appears to be considerable room for variation and innovation. Analysis of organization charts from several different states indicates that the specific functions of positions vary widely, yet certain basic activities are ubiquitous. Contract service representatives, for example, were always present in some form or another, although they served under many different titles. The title, *Contract Service Representative* or CSR, is used in this document since it appears most frequently in directives and publications issued by the Department of Labor.

More specifically, it was noted that some CSR's were responsible for job development and some were not; some were responsible for follow-up with employers after the contracts were written, while job coaches or other paraprofessional workers performed that function in other cases; some developed specific job openings for individual trainees, and some solicited any and all job openings the particular employer had at the time of the contact. Chart 2 depicts on OJT program organization chart encompassing the basic functions that were present to one degree or another in all planning districts. Brief job descriptions of the key positions follow.

Program Director

The program director is the chief officer, who has the ultimate responsibility for the program's effectiveness. Gen-

Chart 2. OJT Program Organization



erally, this person is responsible to the designated representative of the prime sponsor. This is not to say that the program director works directly for the prime sponsor (as in the case of a subcontractor), but it is to say that as the top officer in the program, liaison with the prime sponsor organization for progress reports, policy discussions, and so on, is a paramount duty. In addition to normal personnel responsibilities—e.g., hiring, firing, and training of staff—the program director also frequently serves as the signatory officer for the OJT contracts. This means that no employer contract is official until it has the signatures of both the employer and the program director.

Supervisor, Fiscal, Accounting, and Reports

The supervisor of fiscal, accounting, and reports provides administrative support to the program. Purchasing of supplies, equipment, space, furniture, and other materials is under his direction. Determining allowable costs for participating employers and ensuring timely payments of invoices are the joint responsibilities of the accountant and the invoice clerk. The reports and analysis specialist prepare monthly operating reports covering such information as the number of trainees enrolled, amount of funds obligated and expended, and other performance indicators to assist the program director in evaluating the overall effectiveness of the program.

Supervisor, Contract Service Representatives

The supervisor of the contract service representatives holds the key to program effectiveness. In fact, much of this monograph was written specifically for the use of the CSR supervisor. Under the general direction of the program director, he or she must decide what employers are to be contacted, how they are to be contacted, and how this activity is to be coordinated with other programs, such as the Work Incentive (WIN) Program, to ensure that duplicate contacts are not made. He or she is also responsible for the quality and quantity of contracts. For instance, the supervisor must determine how many contracts one CSR can service at any given time, what the prevailing rates of pay for contract occupations are, and what type of jobs should and should not be solicited.

Job Coach

The duties of the job coach are also usually found under the supervision of the CSR supervisor, but the specific duties of this person are less well defined. Some job coaches work primarily with the trainees before they are referred to employers. Duties include assessing the applicant's job readiness; analyzing barriers to successful job placement, such as attitude, transportation problems, day care problems, minor medical and dental problems; and considering other factors which may affect job readiness. On the other hand, some job coaches focus on problems that develop on the job such as supervisor-employee relations, understanding job duties, language problems, and so on. Regardless of the approach, the job coach serves an important function in freeing up the CSR's and professional staff members for other duties.

Supervisor, Intake, Assessment, and Counseling

Generally speaking, the supervisor, intake, assessment, and counseling oversees these services for all of the prime sponsor's programs; i.e., classroom training, OJT, PSE, and work experience. The extent of such responsibility depends on the size and scope of the particular programs. In any event, it is the responsibility of this unit to determine the best route for the disadvantaged applicant to follow in order to arrive at a good job. Counseling, testing, and orientation are all used to assess the applicant's skills, knowledge, abilities, and interests. This information is then summarized into an employability development plan. From this plan the applicant, working in tandem with the intake interviewer and the vocational counselor, can evaluate the placement alternatives and decide on a plan of action that will assure a full and fair measure of service. The employability development plan can also be used to note the results of periodic follow-up contacts with the applicant. These follow-up progress reports may indicate the need for reassessment and modification of the plan.

Quality Control Monitor

The quality control monitor works independently of the three other unit functions to provide the program director with unbiased information on employer, CSR, and intake and assessment activities. Usually on a random sample basis, the monitor will make personal visits to contract

employers to determine the quality of training, progress of the trainee, and whether or not the employer is living up to the terms of the contract. These visits, coupled with desk audits of contracts and invoices, provide the monitor with valuable information that can assist the director in improving overall operations. Additional details about the monitoring function can be found later in this chapter.

Establishing Production and Performance Standards

All of the planning, organizing, budgeting, staffing, subcontracting, and other start-up considerations that a prime sponsor must be concerned with are for one purpose—production. The bottom line question is: How many persons are going to be helped by your program? The factors discussed in this chapter—e.g., the amount of funds available, economic conditions, staffing, target population, type and duration of training, supportive services, and so on—must be considered in answering this question. But even after the planning for all of these items has been crystallized, the prime sponsor will not know how many disadvantaged workers will be helped by his or her efforts unless some type of production schedule is negotiated with the program operator.

A monthly production schedule will indicate to the sponsor such items as how many workers the program operator plans to enroll in OJT contracts and how many were actually enrolled. Also, it can identify other performance standards the prime sponsor will want to measure on a monthly basis, such as the number of placements (i.e., the number of trainees who stay on the job beyond the planned subsidized employment period) or the counterpart early termination figure. In addition, sponsors will want some measurement of follow-up with the trainees who are placed to determine how long they remain in unsubsidized employment. The *Federal Register* indicates there are three levels of placement based on the expected duration of the job: (1) Short-term, in which the job lasts three days or less; (2) mid-term, in which the expected duration is from four days to one-hundred-fifty days; and (3) long-term for those jobs that last more than one-hundred-fifty days. These indicators will help both the prime sponsor and the program operator assess the quality and quantity of program services.

Table 3 depicts a sample production schedule. Note from the table that the program sponsor plans to enroll 500 applicants in OJT contracts during the year, and that he or she expects 300 of them to stay on the job long enough to complete the training reimbursement period and enter into unsubsidized employment. Some prime sponsors may think that a 60 percent placement rate is not too impressive, and perhaps it isn't, but the corresponding figures for the JOBS program and OJT activities under the MDTA ranged from 40 to 70 percent.[13] Additional information on the production schedule shows that the program operator did in fact make the goal of enrolling 500 applicants, but fell short of a 60 percent placement rate.

More specifically, the prime sponsor received the first clues during the first quarter that the planned placement rate might not be reached. Note that the actual number of early terminations far exceeded the anticipated figures for that period. This could indicate problems over the entire spectrum of program services; i.e., intake, screening, selecting, or quality of supportive services, and follow-up. For example, it may indicate that the disadvantaged trainees are being enrolled in jobs for which they are not well suited. They may be encountering work adjustment problems, and the employer may not be providing the agreed upon supportive services. It may mean the wages are too low, or the jobs are too far away from the trainees' homes. In any event, the data reported on the production schedule can sense the pulse of the entire program. Thus, it is a valuable management tool that can be used to make month-to-month adjustments in program activities.

[13] The Conference Board, Inc., *Employing the Disadvantaged: A Company Perspective* (New York: Conference Board Report No. 511, 1972), p. 12.

Table 3. CETA Production Schedule, Fiscal Year 1978

DISTRICT _____
TITLE _____
FUNCTIONAL ACTIVITY: ON-THE-JOB TRAINING _____

Performance Indicator	Total FY '78	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.
Planned Number of Applicants to be Enrolled	500	50	60	50	40	30	20	30	50	60	70	20	20
Actual Number of Applicants Enrolled	500	30	50	50	60	40	35	30	40	50	75	30	10
Planned Number of Placements	300	0	0	0	0	10	20	30	40	60	60	40	40
Actual Number of Placements	255	0	0	0	0	15	15	15	25	40	50	50	45
Short-term Placements	16	0	0	0	0	1	2	0	2	3	3	2	3
Mid-term Placements	7	0	0	0	0	0	0	0	1	1	1	2	2
Long-term Placements	11	0	0	0	0	0	0	0	0	0	2	4	5
Anticipated Number of Early Terminations	150	5	5	5	5	10	20	20	20	20	20	10	10
Actual Number of Early Terminations	195	10	15	20	15	20	20	30	20	20	20	5	0

One other dimension of production that should be given careful consideration by both the sponsor and the program director is individual workload for staff members. Indeed, how many OJT contracts can one CSR negotiate, develop, and service in one year? How many disadvantaged workers can one counselor be expected to counsel? What can the program director expect from each of his job coaches, intake interviewers, and others?

Unfortunately, there is little empirical data on this subject. This is understandable in view of the diverse nature of OJT programs. Nevertheless, from the experience of the authors, the following observations may be useful:

(1) Discussions of individual production should involve the staff members who are going to do the work. At the outset of the Utah NAB/JOBS program, management representatives decided that, all things considered, a CSR should be able to negotiate, develop, and service 40 contracts per year. Subsequent discussions with the individual CSR's increased this figure to 60 contracts per year. Since the training period for the contracts generally lasted about six months, this meant that a CSR would have approximately 30 active contracts at any given time.

(2) Goals for the intake staff workers were more difficult to establish because they were dependent on walk-in applicant traffic or applicant outreach activities. For example, intake interviewers were expected to complete the initial screening interview in approximately twenty minutes and the entire employability development plan in thirty minutes. By comparison, counselors were expected to see an average of six applicants a day. The quality control monitor was expected to perform either a desk audit or a field audit or both on 50 percent of all contracts negotiated.

Admittedly, these were mostly guesses about what could or ought to be done. Yet they were important because they gave everyone a starting point for action. Supervisors could then compare performance on an individual basis and provide additional training and guidance as needed. Moreover, as data accumulated, new and more precise goals could be developed and staffing adjustments could be made to better meet the goals for the program as a whole.

Of course, prime sponsors can develop goals for any particular function, and the goals can be rigidly adhered to or they can be used for planning only, but it should be remembered that most people work better if they understand the nature of their jobs and have clearly established responsibilities set up in such a way that their combined efforts are directed toward achieving the overall program goals. However, planners should also be aware that overly rigid management policies may produce the desired figures at great cost to the quality of services rendered.

Developing Linkages with Other Employment and Training Programs

Program sponsors interested in developing a well-coordinated CETA program in their area should seek to develop linkages and coordination with other employment and training organizations or programs. Specifically, consideration should be given to WIN, NAB, Job Corps, local apprentice programs, and other programs of community-based organizations. The Work Incentive Program (WIN) is designated to assist welfare recipients in the Aid to Families with Dependent Children (AFDC) category. The program's objective is to assist recipients in becoming meaningfully employed and thus reduce the funds paid out in welfare. Toward this end, a wide range of services are provided, which include job development and the use of OJT contracts. Inasmuch as WIN is also involved in OJT contracting, it is very important that coordination exist with CETA to avoid duplication of efforts and competition with employers. It is very annoying and confusing for employers to be contacted repeatedly by different representatives, each offering similar programs. Any WIN participant is by definition a person elegible for CETA programs. In other words, all WIN enrollees are within what should be the CETA target population. It is recommended that prime sponsors develop a good working relationship with the WIN coordinator in their area. To develop an effective working relationship, mutual consideration should be given to the following activities:

(1) *Planning.* WIN and CETA staff personnel should be thoroughly familiar with the features of both programs. It would be helpful to have representatives attend planning sessions for both programs for the exchange of ideas and information. Expertise and previous experience should be shared. Marketing plans should be developed jointly, with thought to which employers will be contacted and by whom.

(2) *Job Development.* Since both programs have a common objective, and since duplicative efforts are wasteful, cooperation in job development is highly desirable. In addition to joint planning of job development activities, information should be exchanged regarding employer contacts and results. CETA job developers could also help market the WIN tax credit which is available to employers who hire and retain welfare recipients. This tax credit is a very attractive, yet little known proposition which could have much appeal to employers. The tax credit an employer may receive is 20 percent of the cash wages paid a certified employee during a twelve-month period. This tax credit has excellent potential as an inducement to an employer to hire

WIN enrollees. It is our opinion that this feature has not been given enough publicity or been adequately presented to many employers that might be interested.

A joint activity that might be advantageous to WIN and CETA would be a central clearing point on job openings. If an opening secured by a job developer cannot be filled in a reasonable time with a client from one of the programs, it could be opened to clients of the other program. It might also be feasibile to team up or pool staff for job development efforts, which would result in benefits for both programs. It would also seem desirable to conduct joint job solicitation campaigns. NAB has been referred to a number of times throughout this paper. It is strongly recommended that prime sponsors develop communication and program linkages with the Alliance. The effectiveness of NAB varies from one part of the country to another, but in areas where a strong Alliance program exists, prime sponsors can expect a great deal of help and support in marketing employer contracts, conducting awareness training seminars, and providing liason with the business community. NAB also offers excellent help in job development campaigns and promotional activities to stimulate the hiring and training of ex-offenders, needy youth, and veterans, as well as the disadvantaged individuals.

Another highly desirable linkage is with the local apprenticeship council. If a prime sponsor is interested in maximizing the quality of training in OJT, an apprenticeship program can be a vital ingredient. Apprentice programs are a low cost, widely accepted, and effective means of providing OJT in skilled occupations. Technical experts, available in most prime sponsor areas throughout the country, can work with employers to develop apprentice standards, training outlines, wage structures, affirmative action plans, and special services to veterans. Also apprenticeship councils can assist the prime sponsor in developing a cooperative relationship with organized labor. The need for skilled craftsmen in certain occupations seems to be persistent. Answering this need and providing a trainee with a certified skill is a worthy objective for a CETA prime sponsor.

In many locations, particularly the large urban areas, there are organizations such as Opportunities Industrialization Centers (OIC's), SER manpower offices, and other groups. Competition and interprogram jealousies must be avoided if the disadvantaged and society are to receive the greatest benefit from available resources.

Determining Which Industries and Jobs Are Best

Too many CETA clients are placed for OJT training in relatively low paying jobs with few career opportunities for advancement. Many clients are entered into low skill entry level positions, where they become the last hired and first fired. This phenomenon seems to be in direct relationship to the business cycle and economic fluctuation. If a company is extending production or experiencing a seasonal increase in activity, demand for labor increases and job openings for the disadvantaged become more numerous. It is ironic that this is not the best time for companies to train employees, but it is the time when most hiring occurs. CSR's would do well to try to influence employers to hire when production slackens, because such periods afford supervisory personnel more time to train.

Several encouraging observations of current OJT programs are that trainees are employed in a wide range of occupations, and there are an increasing number of female clients being placed in non-traditional jobs such as welders, truck drivers, machinists and construction workers. Unfortunately, there seem to be few effective linkages with apprenticeship programs. Another observation we have made is that CSR's have a tendency to continue writing contracts with the same employers over and over again. This "reharvesting" of contracts has positive and negative aspects. On the positive side, it can be argued that such employers have proven their ability to train and provide a continuation of meaningful employment. On the negative side, it may be that a CSR's time would be better spent contacting companies that have not participated. Sometimes a CSR has developed a personal relationship with an employer and it is hard to say "No" to a request for a contract, although the quality of past training is marginal at best. Also, great care must be taken by CSR's to make sure trainees are being retained by the company and that CETA funds are not being used to subsidize companies with turnover problems.

Prime sponsors have a responsibility to use OJT funds wisely and to ensure that expenditures contribute to results of lasting value. With this in mind, we suggest that affirmative answers to the following questions are an indication of a desirable job for a disadvantaged person in a OJT situation:

(1) Will the job result in the trainee having a marketable skill that will be beneficial now and in the future? Would such skills be transferable to another job? Is the training apprenticeable?

(2) Is the job a good opportunity for a disadvantaged person to which such a person normally would not have access?

(3) Does the employer have the necessary facilities, staff, and equipment to provide quality training?

(4) Does the employer understand the purpose and philosophy of CETA/OJT programs, and is the employer willing to participate in accordance with the prime sponsor's policies, rules, and regulations?
(5) Does the employer have a good business reputation and stability in the community? Does the employer intend to provide continuous employment beyond the contract training period? Is there a low employee turnover rate in the company?
(6) Does the job provide an opportunity for advancement within the firm or industry?
(7) Will the job provide an adequate income with good fringe benefits for the trainee?
(8) Is there reason to believe that the trainee will find personal satisfaction in the job? Will the working conditions be acceptable and conducive to the development or enrichment of the trainee's self image? Will the trainee enjoy learning the tasks and job duties and find a sense of accomplishment through his or her efforts?

It has been our experience in working with OJT programs that Item 8 is perhaps the most important consideration, at least for the duration of training. If the trainee does not feel good about the job, he or she will probably quit within the first four to six weeks. Many trainees will be happier at a lower paying job that provides self esteem than a hard, dirty, high paying job. A job as a bank teller, for example, may provide more self esteem and job satisfaction than a job as a mechanic, even though it may pay less. It is important that the best kinds of jobs be sought for trainees rather than writing contracts with employers who just "happen to come along." All of this requires more deliberation and planning, coupled with good working knowledge of local jobs and industries.

Monitoring—Why and How?

Monitoring is the assessment of the process of delivering services to a client population and the identification of strengths and weaknesses of services provided by the employer. Monitoring is a very important aspect of OJT program operations. Regardless of how well a program may be developed and implemented, unless the prime sponsor receives periodic feedback on progress toward objectives, the program may not be successful. Problems should be dealt with as they arise so that immediate corrective action may be taken and plans made to prevent future occurrences.

A monitoring system must be well planned and implemented, with an understanding of who will monitor, when, and how the monitoring will be conducted. It is recommended that a checklist of specific things to review be devised so that the quality and quantity of training will meet the prime sponsor's standards and level of acceptability. We suggest that each CSR be required to make monthly review of each contract for which he or she is responsibile. This should include a desk audit of reports and performance indicators, supplemented by telephone contact with the employer and trainee as needed.

Caution should be exercised not to interrupt the trainee's work or to take the employer's time any more than necessary. Nevertheless, the CSR should personally visit the training site to interview the trainee and supervisor at least once a month. This interview should be brief. The trainee and supervisor should be interviewed separately and questioned to determine the following things:

(1) Is the employer satisfied with the trainee's work and progress?
(2) Is the employer meeting the financial obligations to the trainee?
(3) Does the employer or the trainee see any problems developing?
(4) Is the employer in compliance with the assurances and certifications of the contract?
(5) Is the trainee being trained in the agreed occupation, and is the training outline being followed?
(6) Does the trainee feel the satisfactory progress is being made toward the career goal?
(7) Does the trainee have a good feeling about the employer and the work situation?
(8) Does the trainee know about available supportive services, and are they being furnished to him or her as needed?
(9) Have supportive services had any affect on the trainee's attitude or adjustment to the job?
(10) Is the employer keeping adequate records, and are reimbursements received promptly?
(11) Is there any technical assistance that the CSR or some other person could provide which would be beneficial?

Both the employer and trainee should have the CSR's phone number and be encouraged to call without hesitation should a need or question arise. It is essential that all parties involved in the contract training process be honest and cooperative, and that they communicate well with each other. Although what has been described is a monitoring function, it may be more useful to view it as a service visit. We have found that CSR's often feel a greater obligation to the employer than to the trainee. CSR's tend to become employer relations representatives, and are concerned with maintaining a good rapport with the employer. This sometimes makes it difficult for a CSR to be objective and firm with an employer if there are problems with contract compliance. In other words, there may be a tendency to be permissive with employers in order to maintain a friendly relationship. This is somewhat understandable because the CSR's often see themselves as salespersons and not as contract compliance officers. Sometimes it is difficult for one person to play both roles effectively. For this reason, it is

recommended that someone other than the CSR make at least one monitoring visit to the employer in a compliance rather than service capacity during the contract period or as problems arise. This quality control monitor should make a more formal visit than those made by the CSR and should examine certain things in greater depth. The need for such a visit may be made manifest from a review of the CSR's often see themselves as salespersons and not as con of this type can also be conducted on the basis of a random sample of active contracts. At this level of monitoring, the performance of the CSR and the quality of service visits could also be checked. Care must be taken not to have too many people calling on the same employer with such frequency as to cause annoyance. When the quality control monitor visits an employer, some very basic and easily overlooked matters should be checked. We consider the following to be important concerns for a monitor to investigate:

(1) Does the trainee exist, and is he or she on the job?

(2) Are adequate payroll records and personnel files being maintained which substantiate the employer invoices submitted for payment?

(3) Is there adequate documentation of supportive services for which the employer has claimed reimbursement?

(4) Are there good internal payroll controls so that the same individual does not keep time, issue, and distribute checks? Such a one-person system could invite fraud or payment abuses.

Other things to watch for in monitoring an OJT contract include:

(1) Check to see that the newly hired trainee has been properly certified for CETA eligiblity. Determine who made the certifications and if it was done prior to the commencement of training. Some employers have been tempted to have regular employees certified as trainees, and a method should be devised to prevent this from happening. Sometimes a question to the trainee, such as asking when he or she began work, will reveal this practice. It may also reveal that the date the employer started claiming reimbursement preceded the date the trainee actually started work. Further information can be secured from examining time cards and payroll records.

(2) Since the length of training is usually determined by the skill level of the occupation, a monitor should make certain that the trainee is being trained in the agreed occupation and not at a lower skilled job.

(3) Occasionally, an employer deliberately or inadvertently pays a trainee a lower wage than what is called for in the contract. There are a number of ways this can occur. One of the more common is when an employee considers the trainee to be in a salaried rather than a wage job. Since OJT contracts usually base an employer's reimbursement on a yearly wage paid for a standard 40-hour work week, a situation may be encountered where the trainee receives less than the full wage for each hour worked. For example, let's assume that an employer and a CSR have negotiated and agreed upon a contract with a wage of $3.00 per hour. Subsequently, the employer tells the trainee that the pay is $120 a week and the trainee is required to work more than 40 hours per week. This results in the trainee's receiving a lower hourly wage than was agreed upon in the contract. Some corrective action or resolution of this problem must be made if the employer is to be in compliance and the trainee is to be treated fairly.

(4) Although a prime sponsor must assume good faith and honest intentions on the part of an employer, reimbursement for providing supportive services is a provision that can be abused easily. It is wise to to ask a trainee if he or she has received the service for which the employer has invoiced. In order to verify the employer's claim, it is a good idea to request that the employer maintain receipts for any such services provided. For example, if transportation money is given to the trainee, it would be well for the employer to have a receipt signed by the trainee.

(5) When trainees are terminated, a CSR or monitor should investigate the reason given by the trainee and whether or not it matches the reason given by the employer. Termination trends and the recurrence of the same reasons may suggest the need for corrective action and have implications for the desirability of future contracts with the employer.

Both CSR and contract monitor should submit written reports of their visits and findings. These reports should be reviewed by a supervisor or other third party on the prime sponsor's staff. An adequate follow-up system must be maintained on any corrective action that is taken. A good monitoring system, throughtfully designed and executed, may make the difference between success and failure in providing a quality OJT program.

4. CONSIDERATIONS FOR MARKETING OJT CONTRACTS

For program operators, the product they are trying to sell is the applicants who need jobs, and the buyer is the employer who needs workers. Approaches to marketing are structured entirely by the product to be sold. Thus, as pointed out in chapter 3, if the objective is to place hard-core disadvantaged persons on permanent jobs with large firms offering career ladders, the approach will be quite different from the approach used by the program operator who wants only to buy as many jobs for unemployed workers as is possible with the available funds.

Once the program objectives are established, the program operator should then consider the following key marketing factors:

(1) Target population priorities and characteristics.
(2) Legislatively mandated priorities.
(3) The job market.
(4) The economic picture.
(5) Contract service representatives and employer contract procedures.
(6) Advertising, promotional campaigns, and other public relations tools.

Target Population Priorities and Characteristics

In the first consideration, that of target population priorities and characteristics, the prime sponsor must make an even more detailed decision about who will be served. Unless unusual circumstances prevail in any given planning district, the available funds cannot serve the total eligible population. Thus, selection criteria must be established that will focus on those individuals who the prime sponsor has determined will be given priority. This identification of priority groups will obviously affect the entire marketing approach, as pointed out earlier. For example, the more disadvantaged the trainee, the more money that will be needed for supportive services and extended subsidized training. In addition, more intensive individualized job development, follow-up, and counseling will be needed if turnover is to be kept within acceptable limits. All of these considerations may require more staff and additional administrative controls.

By way of example, in the early days of the JOBS Program, a number of contracting companies decided to hire only the most disadvantaged, most problem-prone trainees they could find as a matter of social commitment. Thus, program operators established screening procedures that permitted referrals of only those individuals from the bottom of the disadvantaged barrel. The results were somewhat mixed, with some discouraging and some rewarding experiences.

In general, however, it was learned that both the program operator and the contracting company should establish minimal realistic requirements and provide for the hiring of a mix of those trainees who require extensive special assistance and those who can succeed with only minimal special assistance. This combination will enhance the likelihood of success and ensure that employers assimilate a fair share of the more seriously disadvantaged applicants into their regular work force. In addition, this procedure will permit those employers with limited experience in hiring truly disadvantaged trainees the time to assess their training capability and their social commitment. There is no social or economic value in taking a disadvantaged worker with a history of job failure and developing yet another job with an employer who is ill equipped to cope with the multitude of problems that stand between the worker and successful job placement.

Legislatively Mandated Priorities

Generally speaking, the CETA legislation directs that the funds are to be used to provide the economically disadvantaged, the unemployed, and the underemployed with the assistance they need to compete for, secure, and hold jobs challenging their fullest capabilities. Beyond this, prime sponosors are also required to provide special asistance to veterans, women, older workers, youth, and persons who have exhausted their unemployment insurance benefits. The CETA legislation requires that these significant segments have services provided to them on an equitable basis, giving consideration to the relative numbers of unemployed persons in each such segment. Prime sponsors must exercise care in determining any new priorities that result from changes in regulations published in the *Federal Register*.

The Job Market

Analyzing your job market, the third factor, must encompass a careful review of the number, type, and location of businesses in the area to be served. Where are the companies? How many potential job openings do they represent? Which firms employ the greatest number of people—a few large companies, many small shops, or a mixture of the two? How many are involved in collective bargaining agreements, and which unions are involved? There are many sources that can be used by prime sponsors to answer these questions and to determine the pulse of the business community. Monthly studies of the area labor market by the state employment service should give a clear picture of the employment situation, indicating where labor shortages or labor surpluses exist. The Chamber of Commerce can supply additional information concerning employment in the business community and anticipated industrial growth.

Another convenient source of information—but one which is often overlooked—is the "help wanted" section of the local newspaper. Caution is in order, because help wanted ads have limitations as labor market indicators and job sources. Nevertheless, the expansion and contraction of listings can suggest valuable information about trends in hiring patterns, wage rates, demand occupations, and required worker skills. Help wanted listings can also be used as a "door opener" with employers to explain the benefits of an OJT contract. For example, a contract service representative may see a listing for a secretary, and one of the applicants for OJT services may have clerical skills. Thus, the employer can be contacted and apprised of the applicant and the availability of an OJT contract.

Experience with all of these sources of data have shown that smaller employers—i.e., those with fewer than five employees—are the most likely candidates for OJT contracts. Some of the reasons for this are:

(1) Larger employers may be reluctant to accept federal funds and the related real or imagined "red tape."

(2) Some larger firms maintain comprehensive training programs as a standard practice. Thus, the costs are not extraordinary in nature. It would, however, be an added cost to the smaller shops.

(3) Most larger employers recognize the need to project more positive social images. Racial unrest, labor strife, riots, and other actions of people out of the economic mainstream during the tumultuous 1960's were very expensive to business. Thus, many firms have taken steps to ensure that the extraordinary assistance needed to convert disadvantaged trainees into productive workers is already in place and operating without federal assistance.

(4) Personnel directors of some of the larger firms may feel that their main interest is not in recruiting disadvantaged workers but in complying with federal anti-discrimination and equal employment opportunities legislation. Also, some personnel directors feel that it is not difficult to recruit adequate numbers of target group employees on their own. Indeed, many reported an excess of available workers, since wage and fringe benefit offerings of the larger firms were more attractive than those of the smaller employers. Thus, when they are approached by a contract service representative, they express little interest unless the representative has a well organized and appealing presentation which suggests to personnel directors that the service being offered is of significant value to their companies.

(5) Larger firms have a greater likelihood of union agreements. This is not to say that unions intrinsically resist participation in programs designed to assist disadvantaged workers, but it is to say that collective bargaining agreements usually identify exacting procedures by which workers can be hired or fired by the represented firm. If they are to be successful, it is a good idea if OJT contracts with union represented firms have the support of the union.

The Economic Picture

General economic conditions affecting the prime sponsor's area must be another job market consideration. A basic concept of any OJT program is that it is in the public interest to expand the supply of trained workers by reimbursing private businesses for the cost of hiring, training and retraining disadvantaged persons who they otherwise would not have hired. A major problem with this concept is that the successful placement of such persons depends on labor demand. If there is a loss of buoyancy in the area economy, employers will find it difficult to provide work for their most qualified and experienced workers—let alone the disadvantaged worker with few qualifications and limited work experience. Of perhaps greater concern in a declining economy is the fact that OJT trainees are frequently the first ones to be laid off, leaving them no better off, and perhaps worse off, than they were before entering the program.

Since OJT programs are not normally job creation programs, they do not increase the number of existing job openings, and in periods of declining or relatively stable labor demand the programs may simply shift the burden of unemployment from the disadvantaged to other persons. When the economic picture is not too bright, the prime sponsor may want to shift resources to public service employment or work experience activities which are job creation programs.

Contract Service Representatives and Employer Contact Procedures

The importance of selecting the very best contract service representatives becomes clear when viewed against the above considerations. The contract service representative must be someone who can talk the employers' language and who can understand and relate well to the business community. Some prime sponsors have used representatives who were from the disadvantaged community, thinking they would relate better to the disadvantaged. While this may appeal to some employers as a good example, the weight of evidence suggests it is not the best approach. The same is true for any SCR. Unless their style incorporates a working knowledge of the business community—or of the pros and cons of placing the disadvantaged in OJT—they will probably have only limited success.

On the other hand, representatives who are well trained, informed, and sensitive to the needs of both the employers and the applicants are more likely to gain and hold the attention of the employer. In our experience a team consisting of a volunteer private business executive and a contract service representative from the state employment services has proven to be the best combination. (The Utah Job Service had been chosen by the prime sponsor in the Salt Lake City area to administer the OJT program component.) The Job Service representative developed a list of prospective employers to contact, using the employer record files of the Job Service. Subsequently, the executive telephoned the employers and, talking executive to executive, made an appointment for the team to explain the mission of NAB and the mechanics of the OJT contract. This process continued until the team had a full day of appointments arranged. Two things were considered essential for success in making appointments: (1) The telephone contact must be made with the head of the firm, and (2) the head must agree to have their personnel director present for the personal visit by the team.

During the personal visit, the employer and his or her personnel representative were given an overview of the OJT contract and a general assessment of the type of workers they could expect to have referred to them for consideration. In some cases the characteristics of specific trainees were discussed, and in all cases it was made clear that the referrals would be workers who needed special assistance in becoming productive employees.

Next, the business executive attempted to solicit a pledge from the employer to set aside a specific number of present and future job openings for disadvantaged workers. As a rule of thumb, NAB usually asked for 10 percent of all new hires. If the employer expressed interest in contracting for some of his or her immediate openings, the Job Service representative arranged for a more detailed meeting with the personnel director for completion of the OJT contract. Also, if the firm was represented by a union collective bargaining agreement, arrangements were made to discuss the program and OJT contract with the business agent or union steward. Administratively, it was decided to request a letter of agreement from the union before the contract was finalized.

"Business person talking to business person" was the cutting edge of success. Not only do the executives have a better knowledge of the employers and their personnel problems, but they also have many business friends they can call on for commitments or new employer leads for future visits. As time passed, variations of this procedure were used to penetrate deeper into the employer community.

One interesting, although unsuccessful, variation was called the "Industry of the Month Campaign." In this approach, the NAB chairperson solicited loaned executives from one specific industry; e.g., transportation, manufacturing, trade. In turn, these executives were given a list of five to ten disadvantaged workers, along with brief resumes of the workers' training and experience. The mandate to the executive was to find jobs for the workers, either within the loaning company or in other firms within the industry.

Regrettably, the Industry of the Month Campaign met with only marginal success. Executives found that the lists had to be constantly updated because of the transience of the group enrolled. Moreover, the business person would make job interview appointments for the workers only to have them fail to report to the prospective employer at the appointed time. This tended to reinforce the feelings of some of the executives that the disadvantaged would make unreliable employees. Some would then conclude that their participation in activities such as NAB was little more than corporate philanthropy.

The potential still exists for this approach, if such problems can be foreseen. For example, coordination and communication are critical. There should have been frequent contacts between executives and CSR's or job coaches assigned to work with the program to ensure that the workers were properly notified of the job referral and that they reported on time.

This again points out the importance of well-qualified CSR's. An alert CSR might have interceded to see that the loaned executive had some background knowledge in understanding the disadvantaged, and that problems with contacting and referring the workers were solved rather than passed over.

Unfortunately, NAB has found it increasingly difficult in Utah to recruit and train loaned executives, a trend which may also be developing in smaller population centers throughout the country. Nevertheless, the potential value of involving the business community in the planning and operation of OJT programs makes it worth serious consideration by prime sponsors.

Good work, done efficiently, is the measure of success, whether done by a business person or government worker. Because of their day-to-day contacts with employers and disadvantaged workers, CSR's possess a wealth of knowledge that can be channeled into effective sales activity. When it comes to the actual explanation of the OJT contract, most employers are not concerned with who does the explaining, so long as it is brief and to the point.

If business executives are not available to the prime sponsor, efforts should be directed toward making the CSR's the salespersons as well as the technicians, training the CSR's if necessary, by the same techniques businesses use to train their sales representatives.

Whichever approach is used, experience strongly suggests that prime sponsors ensure that their contract service representatives are familiar with their product. This includes a thorough knowledge of the OJT contract itself and its advantages and limitations for the employer, including such considerations as the availability and value of supportive services, the length and amount of reimbursement, records requirements, hiring and firing conditions, and the rules and regulations that apply to both the employer and trainee. Moreover, the contract representative must have considerable knowledge of the target population and the common complaints or misconceptions employers have most frequently voiced about disadvantaged workers. Some of the more frequent comments and questions directed at contract service representatives are:

(1) "If these disadvantaged people need a job so bad, how come they aren't over here talking to me instead of you?"
(2) "My experience has been that they work one or two days and then quit in favor of welfare."
(3) "Any good worker who has any get-up-and-go has got-up-and-went."
(4) "I've hired a few as janitors and service workers, but they never seem satisfied to start at the bottom."

To properly answer these and other questions, the representative will need to know what, if any, efforts the employer has made to recruit and train disadvantaged workers in the past. If the employer has hired disadvantaged workers, what has his or her labor turnover been, what entry level jobs have been made available to disadvantaged workers, and what career ladders have been opened? Armed with this information, the representative can offer sound suggestions to the employer for greater success in meeting his or her labor needs.

The employers' hiring requirements may be unrealistic when viewed against the actual job duties. For example, some employers by tradition have hired only high school graduates for routine production jobs, even when it is obvious that other persons with less education could do just as well. To deal with such problems, the representative must be familiar with job analysis and job restructuring techniques. A well trained CSR might point out that a fairly complex accounting job can be analyzed and broken down into two less difficult bookkeeping jobs, thereby making it possible for two disadvantaged trainees with limited accounting skills to qualify and find meaningful employment.

Advertising, Promotional Campaigns, and Other Public Relations Tools

Advertising, promotional campaigns, and other public relations tools, our sixth consideration, can be most valuable in the hands of skillful practitioners. As the saying goes, "nothing succeeds like success." This is true of the OJT concept, as of most other human endeavors. Almost invariably people respond better to a program they have heard about and know to be a proven success than to one they haven't heard of or are skeptical about. Prime sponsors will find their work easier if they build an effective public relations program, and if employers in the area know about CETA in general and the highlights of the OJT component in particular.

National advertising and features about OJT programs in national magazines will help to build a favorable image of OJT among the local businesses and community leaders in any planning district. But those are no substitute for local public relations.

Generally speaking, there are three different audiences the prime sponsor will want to reach, depending on local circumstances and on how well the program is already accepted. These are:

(1) Local business executives.
(2) The general public, including local community leaders.
(3) The disadvantaged who need the help offered by OJT.

This is not to imply that public relations can substitute for the hard work of soliciting jobs, or for the necessary follow-through on job procurement and placement, but it does imply that the work of the CSR will be far easier if the executive he is calling on already knows what CETA is, how OJT functions as a part of it, who's behind it, and what it hopes to accomplish. Beyond this, if the executive has a favorable image of the program and knows it is a practical approach supported by respected business leaders, he or she will respond more favorably and do more personally to make the program work for his or her company.

The prime sponsors with the best public relations activities are the ones with the most successful OJT programs. However, it is important to remember that we are not talking about razzle-dazzle, but about sound, factual, businesslike public relations programs designed to convey facts. Some of the most frequently used materials are newspaper

stories, press releases, pamphlets, handouts, fliers, radio and TV commercials, telephone surveys, billboards, luncheons, and awards banquets. Once again, the primary consideration for the planner may be cost. Public relations materials, such as TV commercials, luncheons, and awards banquents, can be very expensive, and unless well planned and timed, can produce only marginal results.

Nevertheless, each has its own special appeal. For example, if the prime sponsor is a city, county, or even a state, the top elected official can often gain newspaper space for articles or press releases. Events will occur regularly which will present opportunities for quotes from this official. Progress reports, speeches by representatives of participating employers on their experience and success in hiring the disadvantaged, NAB supervisory and human relations training seminars, the start of the five-hundredth OJT trainee, the start of the fourth year of service—all are events that provide newsworthy stories. The prime sponsor can use these events not just to announce names and numbers but to make a few well chosen points about OJT and why it is important.

Apart from these normal events in the life of every OJT program, the best opportunity for news is through "success stories." Ideally, planners should try to get one participating employer after another to put out stories about men and women it has hired under the OJT program or about the success of one or two specific trainees, perhaps with photos of the new trainees on the job or in training. These stories can be issued at one-month intervals. Working with participating companies to locate the right people for these success stories and then preparing the stories for the press takes time, but it is probably the most effective of all local publicity.

At least once a year, the prime sponsor should have a press conference to announce results, talk about plans for the future, and generally discuss the OJT program. This does not need to be a formal production. Inviting reporters to a relaxed chat in the top elected official's office is the usual setting. Here, questions and answers can be put forth in candid presentation. If they feel the sponsor is being open with them, reporters will almost always put the best light possible on what is said.

Whenever a reporter makes contact with a program sponsor, the sponsor should try to think of something that will make a story. Don't fudge or exaggerate. If the reporter is looking for figures on the program results, it is best to provide what can be released. Don't be afraid to discuss problems as well as accomplishments. Quotes from an elected official candidly admitting the difficulties a prime sponsor may be having in achieving its goals, as well as what is being done to overcome those difficulties, will help make a credible and effective story.

Well written, colorful pamphlets and handouts highlighting the salient features of an OJT contract can also be a valuable part of public relations. These can be left with employers at the time of personal visits, or they can be mailed out to selected employers prior to telephone or personal visits. Employers prefer the pamphlets or handouts for two reasons: First, they can review the materials at their convenience, and second, they can use them in subsequent discussions with the personnel directors or other officers of the company. Pamphlets and handouts should be brief and to the point. Avoid government jargon. For instance, don't use the term "supportive services" by itself; rather, it is better to explain that the program can offer payment for extra costs of job related education, minor medical and dental services, child care, orientation, and transportation assistance. These are universally understood by employers and recognized as genuine extra costs of hiring workers who do not have marketable skills and experience.

Radio and television commercials have the potential of reaching a great number of employers and offer unlimited possibilities for unique attention getting approaches. Furthermore, although the cost of preparing these materials is sometimes high, especially for TV, most stations will run them for little or no cost as public service messages. Unfortunately, most stations will not normally run public service messages during "prime time." Thus, the OJT appeal sometimes goes out in the afternoon or late at night when few employers are watching. Also, because of the high cost associated with TV and radio commercials, prime sponsors may want to contact the closest NAB office for help in this area. NAB has produced several thirty- and sixty-second radio and TV commercials that tell the story of disadvantaged workers very well.

Luncheons and banquets can also work for or against the prime sponsor. It is not unusual for an employer to receive an invitation to a luncheon during which he will get a sales pitch. Therefore, the response to this approach is generally good, especially if the invitation just happens to be from the governor, mayor, or some other prominent public, civic, or business leader. However, the agenda must be short and well timed. Many appeals of this type have failed because there were too many speakers and too many subjects to be covered. As a result, the employers were walking out the door before any commitment was made.

On the other hand, if the meeting is well planned and executed, impressive results can be obtained. Some of the do's and don'ts for planners to consider are as follows:

(1) Do send the invitations out at least two weeks in advance.

(2) Do be specific about the employers you invite. It makes little sense to invite an employer who is on layoff status or who is in the second week of his going-out-of-business sale.

(3) Do be sure your mailing list is up to date. Good rapport is not established by inviting Sam Headstone, if Sam has been under his headstone for three years.

(4) Do try to have a keynote speaker who is widely recognized, and who is supportive of your program.

(5) Do have a program that will answer the employer's questions. Question and answer periods are not very productive because employers are reluctant to ask questions in a group meeting. Also, unless carefully controlled, questions can sometimes sidetrack the discussion with arguments or discussion comments.

(6) Don't overdo it. If you are giving awards to employers who have done a good job with OJT contracts, give them the award with genuine thanks. Excessive flattery or hyperbole will only cause adverse reactions from other employers.

(7) Don't forget to get a commitment from those in attendance. Give them a pledge card or piece of scratch paper on which they can indicate they would like to know more about OJT contracts or your program in general. You may even want them to pledge that 10 percent of their total new hires will be from the disadvantaged ranks during the year. The National Alliance of Businessmen has used this approach with considerable success.

(8) Don't forget to follow up on the pledges. Tickler card files have been used successfully for this purpose. Files of this type permit clerical workers to inform contract service representatives when employers want to be contacted, or recontacted, for job openings. NAB experience indicated that many employers made pledges to participate while attending luncheons or banquets, but that they had no immediate vacancies on their payroll. Thus, it was necessary to discuss with the pledging company their particular hiring patterns and to recontact them as much as six months later.

During the follow-up activity, NAB also found it of value to have prepared a brief resume reflecting the personal characteristics of several disadvantaged applicants currently in the jobless files. Thus, during the conversation, the contract service representative could personalize his or her sales pitch by talking about the particular skills of a trainee. This humanistic approach has great appeal to prospective employers. Moreover, even though the particular trainee depicted on the resume may have been hired by another employer, other trainees exhibit enough similar characteristics to be acceptable to the employer.

Another often overlooked marketing tool is keyed to the companies which already have OJT contracts or have had past experience in working with OJT contracts. Almost all employers have at one time or another been contacted and asked to participate in government programs. Since, in the past, many such programs were administered by the employment service, local offices have records of participating employers and may make this information available to prime sponsors upon request. These records will facilitate reharvesting of these employers, and may yield valuable information for future campaigns.

There are a few cautions that prime sponsors should bear in mind when contacting employers who have participated in the past. First of all, some employers view the OJT contracts as a source of cheap labor. By nature, these employers offer little in the way of career opportunities or meaningful training. As a result, high turnover is not an inordinately expensive business cost to them. Prime sponsors should ensure that sufficient research is done by the contract service representative to avoid employers with questionable performance histories.

Other problems surfaced during a cursory overview of some employers who have participated in numerous contracts are: poor working conditions, sporadic pay, and problems related to rates of pay, contracts negotiated on the basis of a 40-hour week when in fact the trainees work 50 to 60 hours per week, negotiating contracts for high skill occupations in order to obtain a longer reimbursement period and then working the trainees in comparatively low skill occupations, offering goods and services to the trainee instead of pay, and failing to provide agreed upon supportive services. Prime sponsors should develop some type of contract monitoring system and evaluation techniques to measure contract effectiveness as outlined in chapter 3.

5. OJT CONTRACT DESIGN

Essential Features

Although there are numerous ways that an acceptable contract may be designed, there are certain essential features. A good guideline to keep in mind is that the contract should state clearly what is to be done, by whom, and in what manner. It is not our purpose to present here the principles of contracting in a legal sense. Suffice it to say that CETA planners should know something about contract concepts, such as offer and acceptance, consideration, capacity, mutual assent, certainty of terms, and so forth.

To be assured that the contract design is legally adequate and proper, professional legal advice should be sought. A prime sponsor would do well to consult with legal experts who are able to provide this service at no cost. Assistance might be sought in the city or county attorney's office, the state attorney general's office, the Job Service legal counsel, the public defender's office, a law school, or a public agency with a legal department. It may also be possible to acquire the service of a private attorney who is willing to donate his time as a community service. Perhaps the state bar association could be of assistance in securing service of this type. Whichever kind of contract a prime sponsor designs or chooses to use, there are certain essential features which should be included, such as the following:

(1) *Signature page or section.* Space should be provided for each party to sign and date the contract, thus binding them to their agreed performance. This page should also contain a brief statement as to the nature of the contract and what has been mutually agreed upon. Somewhere on this page it would also be appropriate to list such things as company name, address, contact person and phone number, the contract number, beginning and ending date of the contract period, amount of money to be paid, and other such major items.

(2) *Occupational and supportive service information.* This section or page should specify a brief outline of the training program, cost data, and other pertinent information regarding supportive services.

(3) *Assurances and certifications.* This part of the contract lists any rules, regulations, definitions, and conditions under which the contract will operate and to which the contracting parties are bound. This section should be as short as possible to avoid the appearance of excessive "red tape" and complexity. Otherwise, the ominous appearance of the document may cause employers to have some reluctance in signing.

Prime sponsors should have a thorough knowledge of the rules and regulations of the Secretary of Labor as pertains to Title I activities. These rules and regulations are published in the *Federal Register*. For example, one of the general assurances makes reference to the Hatch Act, which prohibits trainees from engaging in certain political activities. Some employers are active in political parties as district officers, convention delegates, and so forth. They also may be candidates for office themselves or actively working in the campaigns of party candidates. Such employers should be reminded that it is not permissible to use OJT trainees for clerical or other work involved with political activity. Also, it is our opinion that a trainee working for an advertising or public relations firm should not perform job duties for political clients.

Somewhat similar prohibitions pertain in the area of religion. CETA assurances include a statement that trainees "will not be employed on the construction, operation, or maintenance of the part of any facility which is used for religious instruction or worship." This has presented a problem for some building contractors and janitorial service firms. For example, if a contract is providing CETA reimbursement for OJT training for carpenters, the employer cannot use them to work on a project such as building a church. Also, an indivdual being trained as a glazier may not legally replace a church window. Many other examples could be cited.

While we agree with the intent of these general assurances, we have seen situations where strict conformity by an employer has caused a hardship by excluding trainees from certain training and work assignments. The general assurances also state that appropriate standards for health and safety in work and training situations will be maintained. This has been interpreted to mean that an employer must operate in compliance with the Occupational Safety and Health Act. While prime sponsors have some responsibility in this area, it is probably not reasonable for the prime sponsor to monitor OSHA compliance. However, the CSR's should be aware of the working conditions in an employer's firm and be alert to situations which may present safety and health hazards for trainees.

A Pre-CETA Model

Preceding the advent of CETA, the Department of Labor was using an OJT contract called the MA–7X. This was an experimental contract designed to overcome problems ex-

perienced in previous contract programs. Problems had arisen in the following areas:

(1) There was consistent and excessive underutilization of funds. Money would be obligated on a contract, and training slots would not be filled or refilled when vacancies occurred. This unnecessarily tied up funds that could have been used on other contracts. De-obligational procedures were bilateral, and a great deal of extra effort and work was required on the part of a CSR to do the necessary paper work and secure the signatures of both parties. The procedure was both complex and burdensome.
(2) Contract approval time in some regions of the country exceeded two months, during which time employers became impatient and in many cases cancelled their contract before it was approved. The flow of paper work moved too slowly.
(3) Contract forms were too complicated.
(4) Many employers were dissatisfied with the "red tape and hassle" in securing a contract.

In an effort to resolve these problems, the new MA–7X contract made a radical departure from past contracts. The new contract consisted of at least two separate documents referred to as a Basic Ordering Agreement (BOA) and one or more Task Orders (TO's). The BOA did not commit the employer to the hiring of an individual at that point; rather, it stated the mutually agreed terms and conditions under which an employer could be reimbursed in the future for hiring and training a properly certified disadvantaged person.

The BOA established the basic parameters of employment and training, but did not commit either contracting party to any performance. No funds were obligated at this stage. This agreement remained in effect for two years or longer. If no hiring occurred within two years, it was automatically cancelled. If hiring did occur, the BOA could remain in effect indefinitely, subject to modifications as circumstances might dictate.

When an employer was ready to hire, he or she notified an SCR, who prepared a Task Order which specified the number of trainees, the length of training, and other pertinent information. It was at this stage that funds were obligated and trainees were hired to fill the approved slots. The hiring and training was to be done in accordance with the previously approved BOA. The Task Order was the device that implemented the things agreed upon in the BOA and committed both parties to their agreed performance. If slots were not filled within a certain time, or if vacancies occurred, unused funds could be unilaterally deobligated by the Department of Labor. With a few exceptions, an unlimited number of Task Orders could be written against a single BOA.

When CETA came into being, many prime sponsors implemented this kind of OJT contract with slight modifications. It has been successful in overcoming many of the problems experienced with some of the OJT contracts prescribed earlier. It is one of numerous alternatives from which a prime sponsor may choose. It seems to be especially well suited for larger companies that will be hiring a number of people at different times. However, it is not entirely satisfactory for smaller employers with immediate needs to hire, or for employers who may not have need for other contracts in the future.

Cost Reimbursement vs. Fixed Cost

A major decision facing a prime sponsor in designing a contract program is whether the contract should be cost reimbursement or fixed cost. A cost reimbursement type contract provides reimbursement for the employer's actual expenditures in providing the training and supportive services agreed upon. The kinds of expenditures allowed should be agreed upon in the contract. A fixed price contract specifies a definite price to be paid to the employer. This fixed amount is not altered if the employer's costs prove to be higher or lower than anticipated. In a fixed price contract, the employer has the major responsibility to ensure that the quality of training is acceptable to all contracting parties. Historically, many fixed price contracts did not make provisions for supportive services.

Under a cost reimbursement contract, the prime sponsor or its authorized representative has the responsibility to review requests for payment in order to be certain that they are valid and appropriate. A fixed price contract lends itself to less administrative concern for the prime sponsor inasmuch as the employer performance is either acceptable or not acceptable. The agreed fixed price is either paid or not paid. With a cost reimbursement contract, the prime sponsor's own authorized representative should review each request for reimbursement to be sure the request is reasonable and acceptable under the terms of the contract. The simplicity of the fixed price contract must be compared with the mutual advantages of minimizing the risk of underpayment and overpayment for services afforded by a cost reimbursement contract.

High Support vs. Low Support

Another decision facing a CETA planner with regard to contract features is whether the contract will provide for supportive services. Traditionally, OJT contracts with supportive services have been referred to as "high support" and contracts without as "low support." High support contracts are intended to assist the trainee in adjusting to the

job and overcoming problems which may have a bearing on continued employment. Generally, the more severely disadvantaged trainee benefits from and has greater need for high support contracts than do the less severely disadvantaged.

Low support contracts are more suitable for individuals who are job ready due to previous experience or participation in other training programs. Often trainees who have participated in WIN or other manpower programs may have received pre-employment training or may have been provided all of the supportive services they require. This points out the need for planning information regarding the characteristics of clients to be served.

We cannot overemphasize the desirability of having a flexible program that can be adjusted to the needs of an individual, rather than attempting to fit a person into a predetermined training slot. In situations where the need for supportive services is in doubt or where reasons and circumstances do not permit an adequate assessment of need, it is better to have the services available and not used than to have no provisions made. Under CETA, the vast majority of OJT contracts have been low support. However, many prime sponsors have provided supportive services before and during training, independent of the contract with the employer.

Nevertheless, including supportive services in the contract is an option that prime sponsors should consider. Providing supportive services outside the contract has some merit, especially in large areas where the prime sponsor has sufficient staff and resources or direct access to resources of other agencies capable of providing the desired services. The simplicity of a low support contract may be more appealing to many employers.

It can be argued, however, that the employer may be in a better position, on a day-to-day basis, to assess and attend to the trainees' needs. There are many variables pertaining to this issue which suggest that the decision and the resulting contract design are best determined at a local level, according to local circumstances.

Types of Supportive Services

There are many kinds of supportive services that could be included in the contract design. Some of the more typical supportive services are:

(1) *Job-Related Education.* This is usually basic remedial education in such subjects as mathematics, reading, and language skills which are needed to perform job duties satisfactorily. Technical information required for job performance may also be included. The purpose of job-related education is to help the worker assimilate his or her OJT. Experience has shown that the more directly related to the job education is, the more effective it is. An example would be providing shop mathematics for machinists. It has also been found that job-related education is best utilized when provided concurrently with OJT, rather than in a total block prior to the OJT phase. It is imperative that employers clearly understand the purpose of job-related education and the kinds of things that are allowed for reimbursement.

Experience has shown that job-related education is often misunderstood by employers, and occasionally the concept is abused. Normally, a prime sponsor will pay a training cost based on a percentage of the trainee's wage for each hour spent in job-related education. In addition, there is usually some hourly reimbursement to the employer for the supervisor's or trainer's time.

(2) *Orientation.* This is assistance provided to familiarize trainees with the job and help them adjust to the work environment, the employer's establishment, and the specific training program in which they are enrolled. Orientation should also provide any information that the trainee should have regarding company policy, procedures, benefits, and work rules. More specifically, some activities recommended for orientation are an explanation of the training program, a description of the occupation and its career ladder, a description of the company, basic information about the industry and the company's relationship to it, and an explanation of supportive service available while in training.

During the orientation phase, it has also been found useful for the trainee, the employer, and the CSR to set aside time for a meeting. In such a meeting, mutual expectations should be discussed, the training outline should be reviewed, and other matters should be covered in which each party has an interest. During the orientation phase, the prime sponsor may wish to provide reimbursement to the employer similar to that described above for job-related education.

(3) *English as a Second Language.* This is training in the English language for individuals whose primary language is not English. It should be provided to those whose fluency in English is inadequate for them to successfully perform the job duties of the occupation for which they were hired. Special emphasis should be given to the vocabulary and shop terminology related to their work.

The need for this supportive service will vary greatly from one geographic region to another. Planners should make a careful assessment of the need for this activity in their local area. The limited experience of the authors in this activity was with a program that was not effective. A major employer in the area set up a special program for Spanish-speaking persons recently hired through the NAB

program. The trainees were given an opportunity to improve their English language skills after normal working hours, when most trainees were too tired to learn. It is recommended that training in English as a second language be given on a released time basis during normal working hours.

(4) *Supervisory and Human Relations Training.* This is attitudinal and skill training for supervisors and other employees who will work with the trainees. If resources permit, a prime sponsor could develop its own training program. However, in many parts of the country, this service is provided free of charge to the prime sponsors by the National Allianec of Businessmen. In offering this type of training, NAB provides an excellent service for employers.

At the present time, most of the NAB offices throughout the United States offer a program called "Awareness Training." This training is designed to provide human relations skills to personnel involved in working with newly hired employees, especially the disadvantaged. The training consists of seven exercises which provide a series of learning activities that focus on effective communication and interpersonal skills. Included are such things as selective listening, instruction in giving and receiving information, bias, value systems, problem solving, and management styles. If a supervisor has an enlightened awareness of the problems and viewpoint of a disadvantaged person, communication with trainees is enhanced.

A frequent reason given by trainees for terminating their employment is that they don't like the supervisor or the way they are treated. Also, supervisors may have the necessary technical skill to teach, but they may not have the skill to interact and relate successfully with people. An important part of the OJT process is communication and sensitivity to the needs of others. If these skills are found in a supervisor, the probability of the trainee being successfully trained and staying with the company is greatly increased. It is strongly recommended that program sponsors contact the nearest NAB office to see what supervisory training programs are available locally. Most employers who have had representatives attend these training sessions report that it has been useful in keeping newly hired disadvantaged workers on the job. Reimbursement to employers for any registration fees or other related expenses could be included in the OJT contract.

(5) *Transportation.* This supportive service takes the form of financial assistance to the trainee for a short period of time. Its purpose is to cover the cost of transportation to and from the work site until such time as the trainee receives a paycheck. It can also include reimbursement for any transportation costs that result from job-related education and other supportive services provided away from the work site. Local conditions and costs will vary greatly from one area to another. This should be taken into consideration during negotiations with an employer.

A number of creative things have been done with regard to transportation as a supportive service. In some areas, larger employers have provided a bus or have made car pool arrangements for trainees. Local bus companies have issued special passes and tokens at reduced rates. Buddy systems have also been used effectively to alleviate transportation problems for the disadvantaged. In situations where the trainee must drive a car and that car is in need of repairs, perhaps a local vocational school or skill center where mechanics are trained could make the repairs for a minimal charge. Experience has shown that automobiles used by disadvantaged trainees very often require some repair if they are to be relied upon for dependable transportation.

It should be kept in mind that for some of the most severely disadvantaged individuals, reading bus and subway schedules or getting information about public transportation is a formidable task. Such information and assistance could be provided by a CSR, a counselor, or an employer who is aware that this may be a problem. Problems with transportation are a major reason for trainee terminations.

(6) *Child Care.* As in the case with transportation assistance, funds for child care should be paid only for a short period of time until the trainee starts receiving a paycheck. Some companies have been willing to extend cash supplements to trainees until their wages are high enough to reasonably support child care. Some larger companies have established their own child care centers; others may be receptive to the idea of doing so. Prime sponsors should be familiar with community organizations and agencies which offer this service. It is also advisable to check the prevailing rates in a community before writing an amount in a contract for this purpose.

(7) *Medical and Dental.* This can include expenditures for physical examinations, minor medical and dental treatment, and other things such as glasses and hearing aids when not available from other sources. The medical and dental services provided should be over and above the same type of services usually provided by the employer. For example, if an employer normally provides physical examinations free of charge to other employees, no reimbursement should be made on behalf of the trainee. Furthermore, it may be possible for an employer to secure services at reduced rates through business connections.

In addition to the types of supportive services already discussed, some contracts provide for tools, special clothing, legal assistance, counseling, and other kinds of supportive service. With regard to providing tools, experience has shown numerous problems in terms of purchasing, maintaining inventories, and questions of ownership.

Before authorizing expenditures for any supportive services, the program operator should survey community resources. Other agencies may be able to provide services at little or no charge to trainees who meet certain eligibility requirements. A prudent use of government funds also suggests that inquiries should be made to determine if the employer customarily provides any required services. If so, the employer should not be reimbursed. An alternative to providing supportive services via the contract with reimbursement to the employer is to provide the services outside the contract mechanism. A special account and procedure can be set up for this purpose. For example, the CSR or some other person could see that the service is provided directly to the trainee, or perhaps another agency could provide the service through a subcontract with the prime sponsor.

From the employer's point of view, there are a number of pros and cons in providing supportive services. Employers may not want to have supportive services included in the contract. They may feel it would involve unwarranted responsibilities and extra work. Philosophically, they may be opposed and feel it simply is not a good idea. Sometimes the trainee's fellow workers resent the trainee being treated as a "privileged character" and receiving benefits not available to them.

From a prime sponsor's point of view, careful consideration should be made of the increased contract and administrative costs. Providing supportive services means more assessment effort, clerical work, and monitoring responsibility. The most basic question in providing a supportive service is whether or not it accomplishes the desired result. More specifically, does it assist in facilitating adjustment to the job and increase the trainee's probability of remaining on the job? With regard to the former, we believe that in many cases it does. But as a means of improving completion and retention rates, we have seen little evidence to show that it is a major factor. However, we have seen some individual cases where providing supportive services was a deciding factor and meant the difference between success and failure.

6. OJT PROGRAM ALTERNATIVES, INNOVATIONS, AND FLEXIBILITY

Incentive Payment to Trainee

Several years ago, the authors had some experience in administering an incentive payment feature of an OJT contract program. On an experimental basis we decided to pay $50 to each trainee satisfactorily completing the prescribed training outline. It was hoped that this would decrease the number of early terminations. This feature was limited in application to one planning district of seven in a statewide OJT operation. At the end of the one-year experiment, it was discontinued for the following reasons:

(1) The number of early terminations had not decreased significantly compared to the early termination rate in other parts of the State.
(2) The number of early terminations had not decreased significantly in comparison with the early termination rate in the same planning district the year prior to the incentive payment implementation.
(3) A number of employers and other interested parties developed feelings against the experiment on the basis that it was an unwarranted "hand out" and caused resentment on the part of other workers.

In retrospect, one of the failures of the experiment was probably due to the fact that the CSR's and employers did not effectively keep the trainee aware of the incentive. Also, a number of trainees expressed the opinion that a monetary incentive of $50 was not a sufficient incentive in either type or amount to have an impact on their desire or ability to complete training.

Variable Reimbursement Rate

Simultaneously with the above experiment, another planning district in the state adopted a variable reimbursement rate for employers. In this experiment, employers were reimbursed for training costs in an amount equal to 80 percent of the trainee's wage for the first 200 hours of OJT, 50 percent for the next 200 hours, and 30 percent for the remainder of the training time. The philosophy behind a variable reimbursement rate is that the employer experiences higher costs of training initially, but as the trainee becomes more productive, the training costs should decrease. Accordingly, the employer should be reimbursed in terms of some relationship to his extraordinary costs. At the end of one year, this experiment was discontinued for the following reasons:

(1) Employers and employment service and NAB clerks did not like the extra computation work and record keeping. It was too clerically burdensome.
(2) There was a fear on the part of some planners and administrators (not necessarily proven or well founded) that employers would abuse the system by terminating trainees when reimbursement rates decreased. Also, it was found that trainee productivity varied so greatly from one individual to another that flexible reimbursement rates were very difficult to establish and administer equitably.

Nevertheless, we believe that there are still possibilities for further development of this or a similar concept.

Contract Extension

One of the most successful innovations we have worked with is the concept of contract extension. Such a concept provides for approval of all OJT contracts with a short maximum length of training time. An initial period of 500 hours of approved training time has proved sufficient. Toward the end of the training period, an assessment is made of the trainee's needs and desire for further training, as well as of the employer's performance and training effectiveness. The opinion and recommendations of the CSR are also considered. If there is a need and if conditions are favorable, the contract is extended, and further reimbursement for training is approved. This feature has worked very well in the State of Utah for the past three years. The State WIN program has recently adopted this contract feature, with some modifications. Some of the advantages of the extension provision are the following:

(1) Expenditures of contract funds are more closely related to employer and trainee needs.
(2) Long-term obligation of funds is reduced.
(3) A mechanism and requirement for evaluation of performance and need is provided.

The only real disadvantage is the increase in administrative time and cost. However, it is our opinion that this is more than offset by an increase in program quality and effectiveness.

Tailoring Contract to Trainee

Another highly recommended OJT contract innovation is tailoring the contract to the individual trainee. Historically, most OJT contract programs have begun with the contract being developed, negotiated, and signed with the employer. Subsequently, a trainee is identified and hired to fill the funded slot. A number of problems are associated with this method:

(1) Money is obligated, tied-up, and unused while a suitable trainee is found and referred for the employer's approval.

(2) Once the trainee is identified and hired, it is often discovered that the individual's need for supportive service was either not provided for or that unnecessary supportive services have been funded.

(3) The trainee may need more or less training time than provided in the contract, based upon the individual's background and experience.

The above problems can be avoided by tailoring the contract to the trainee. This has been successfully done in the following manner:

(1) The CSR discusses the program with an employer. If the employer is interested, a training outline, wage amounts, and other details are discussed and agreed upon. A rough draft of the contract is written on the spot, but not signed or dated. If the CSR has not already done so, he or she checks the employer's background and eligibility to determine if it is desirable to contract with the employer. (Ideally, this should be done before the employer is contacted in order to avoid the possibility of embarrassment should a contract be denied after negotiations have started.)

(2) Eligible clients are referred to the employer.

(3) As soon as the employer selects a client he or she intends to hire, the CSR is immediately notified. In consultation with the client or other individuals who should have an input, an assessment is made of the client's need for supportive services. Those things specifically required by the client are added to the contract. The length of training is determined, and a final copy of the contract is made and presented to the employer for signature.

It is important for the client to be hired and commence training as soon as possible. If the employer is willing, it could be arranged for the hire to occur prior to the signing of the contract. In such cases it may be clearly understood by all parties that if for some reason a contract is not executed, there will be no liability for reimbursement to the employer. It may be advisable to have the employer sign a statement to this effect.

Wage Incentive Payment to Employer

It is desirable for the trainee's entry wage on a contract to be sufficiently high so that the trainee is afforded an adequate income as well as an incentive to remain on the job. Experience has shown that in many cases, low paying jobs only encouraged high turnover rates.

One method that has been used to induce employers to pay a higher wage is to provide wage incentive payments to employers. Federal regulations provide for reimbursement to "private for profit" employers for extraordinary training costs up to 50 percent of entry level wages. Prime sponsors may design other methods of cost reimbursement, provided that payments reflect only extraordinary training costs. A method could be established whereby employers paying a higher wage would receive a higher percentage reimbursement for training costs. For example, a training cost reimbursement scale could be established ranging from 30 percent to 50 percent of the entry level wage. Thus, an employer paying $3.00 an hour might be persuaded to increase the wage to $4.00 by being offered 33 percent reimbursement for $3.00 an hour and 40 percent for $4.00 an hour. This would mean that the wage could be raised $1.00 an hour with a net cost increase to the employer of only 40¢ an hour.

Client-Developed Job and Personal Voucher Contracts

Another innovation that has been tried is the training of clients to develop jobs for themselves. Clients are taught to explain to potential employers that some reimbursement could be available for hiring and training them. Promising leads are then referred to CSR's for appropriate follow-up. This approach was found to work best if the client was self-motivated and had the attribute of being able to "sell" himself. This would not be a productive venture for many of the severely disadvantaged who may lack self-confidence, be shy, or be incapable of effectively performing such a task. Many employers respect and admire the fact that the client secured his or her own job. The client also benefits through a sense of personal accomplishment.

Planners in some parts of the country have expanded this concept and are experimenting with a personal voucher system. The essential feature of this concept is that a client goes out on his or her own and contracts for manpower training and services. The client is given a voucher to be completed by the employer or training facility selected. This voucher is then submitted to the prime sponsor for pay-

ment. One of the more promising experiments with an OJT voucher system is being conducted in Florida by the Manatee County prime sponsor. An attempt is being made to determine if such a program will:

(1) Help the disadvantaged client feel that he or she has control over his or her future, which hopefully will lead to greater self-sufficiency.

(2) Result in the client becoming employed in a "better" job and receiving more meaningful training than the client would have received in a conventional OJT program.

Participants in the experimental voucher program are selected at random from a list of eligible OJT applicants. Those selected receive counseling and program orientation during this phase. Also, occupational objectives are discussed and established. In some cases, aptitude tests are administered to help the client realistically establish his or her objectives. The client then participates in a two-hour orientation session where the voucher contract is explained in detail. Also discussed are job-seeking skills, negotiation techniques, and client rights. Each client is given a personal letter of introduction signed by the CETA Director, an OJT program description, and a personal voucher contract. The client then begins searching for a job and the attainment of his or her occupational objectives. There is continuing follow-up with each client, and further counseling, orientation, or job leads are provided when necessary. After the client obtains a firm commitment from an employer, the prime sponsor's OJT coordinator reviews the voucher terms with the client and the employer. If everything is in order and the contract is acceptable, it is signed and funds are committed. From this point on, the voucher program is conducted in the same way as the conventional OJT program, with the employer being reimbursed up to 50 percent of the entry level wage for each hour of training. This experiment has not been in operation for sufficient time to make an evaluation of comparative results

Another experiment with the personal voucher system was implemented in Wichita, Kansas, in November 1976. With strong input and involvement from the private sector, local NAB officials in Wichita developed a proposal incorporating the Manatee County program model. The proposal was presented to the prime sponsor, and an agreement was made whereby business executives on loan to NAB would do the following:

(1) Solicit CETA program OJT contracts.

(2) Provide office space and furniture for the prime sponsor's manpower coordination staff assigned to the NAB office for administering the OJT contract writing.

(3) Comply with all of the procedures established by the prime sponsor for the OJT program operations.

(4) Provide CETA program delivery agents with the leads on employer contacts for CETA participants to secure an individualized OJT contract.

As its part of the agreement, the prime sponsor would:

(1) Provide the staff to administer the OJT contract writing.

(2) Provide the OJT forms and procedures required for the implementation of the OJT program.

(3) Provide NAB with up-to-date information on the monies available for OJT contracting.

(4) Process the OJT contract invoices for payment.

With little modification, the same forms and procedures used in Manatee County, Florida, were adopted. NAB officials in Wichita have a strong philosophical commitment to the concept of a personal voucher system. They believe it will be less expensive, minimize government "red tape," and provide many additional benefits for society and the individuals involved in the program.

Other Ideas

One of the truly great things about the spirit of decentralization and local determination which CETA allows is that prime sponsors have the opportunity to be innovative and flexible. Many prime sponsors and local CETA planners have not taken advantage of this opportunity. In too many cases there has been little creativity, and old, rigid concepts have carried over from the pre-CETA programs. In addition to the alternatives and options already cited, it is suggested that planners give thought to the development of new concepts which would be workable in their own area.

For example, why not design a three-party contract with the prime sponsor, employer, and trainee each being signatory to specific terms and agreements? By including the trainee as a party to the contract, perhaps more responsibility and better trainee performance could result. It would also seem that a better understanding of the contract's purpose would be reached. It might also be conducive to a more beneficial relationship and flow of communications between the employer and the trainee. In such a situation, the contract should be periodically reviewed to see if each of the parties are keeping his or her part of the agreement. Other ideas which might be developed could include the client designing his or her own training program under the direction of a skilled counselor.

7. CONCLUSIONS AND RECOMMENDATIONS

Conclusions

Whatever problems may be present in OJT programs operating under current CETA legislation, there is little question that they have made a significant contribution to facilitating the employment of unemployed and disadvantaged persons. Since the concepts of CETA are so broad and represent a major departure from past programs, it is hardly surprising that some problems have been encountered in attempting implementation on a practical, efficient, and nationwide scale. As employment and training legislation, CETA is unique in placing decision-making responsibility at the local level. Many locally elected officials now have a greatly increased understanding of the problems of the disadvantaged and an increased concern for the solution of these problems.

CETA has now begun to work its way through a necessary but somewhat misdirected fascination with numbers, and it is settling down to a concern for quality performance. If this trend continues, the combined efforts of all prime sponsors could have a significant impact on the problems of the disadvantaged. While it is true that the high turnover rates inherent in most entry level OJT programs make it possible for a tremendous number of workers to pass through the programs without noticeable effect on national unemployment statistics, there will be numerous examples of those who find themselves with improved skills and work experience with which to compete more effectively in the labor market. In the interest of improving OJT program accomplishments, the following recommendations are offered:

Recommendations for OJT Program Improvements

(1) Prime sponsors should give first priority to establishing and maintaining a good management information system. Successful management of an OJT program depends in substantial part on the timeliness, accuracy, and comprehensiveness of data generated. Recent CETA progress reports are not bad, but they clearly indicate a need for more effort in obtaining compliance from both the program agents responsible for administering OJT programs and from the contract employers who are being reimbursed for participating in OJT activities.

(2) Prime sponsors should give highest priority to disadvantaged clients and others with the greatest need. Many persons enrolled in OJT programs under the present eligibility criteria appear to need only placement assistance and not the subsidization of training and supportive service. Furthermore, some criteria should be developed which take account of the job readiness of a prospective enrollee. This is usually left to the subjective judgment of a placement interviewer within an intake control center. However well intended, this procedure apparently has placed many trainees on OJT contracts who were already sufficiently motivated and job ready.

More precisely, this recommendation is that priorities and criteria be established to better focus the limited program resources on those persons most in need of assistance. Secondly, the staff person assigned to intake assessment and referral functions should be given detailed instructions for screening prospective enrollees, and for each referral they should prepare an employability development plan to justify how the services of the program are going to be used to fulfill each client's specific need. Such procedure should provide for reasonable verification of those elements upon which eligibility determinations are based, particularly client statements as to family income and length of unemployment. Even though verification of this data may give the program a "bureaucratic" appearance, it is not realistic to accept all such information without question. The practice of confirming eligibility statements should be a standard procedure where public funds are involved, at least on a sample basis.

(3) Prime sponsors should consider the possibility of personal voucher contracts such as those discussed in chapter 6. We particularly recommend the type of cooperative working arrangements made between NAB and the prime sponsor in Wichita.

(4) There is a need for more meaningful employment opportunities in OJT contracts. CETA records indicate that there are still a significant number of jobs that appear to offer little or no opportunity for advancement. Often they are the types of jobs that traditionally are filled with unskilled or low-skilled persons, which suggests that we are not getting the greatest benefits for the funds expended. It is therefore recommended that prime sponsors use some

form of a pre-award rating system as a guide for judging the desirability of contracting for a particular job in a specific employer establishment. A number of years ago, the Department of Labor used a rating system called the "Occupational Opportunities Rating System." This rating system, based upon the CSR's judgment, gave points and was weighted according to the relative importance of such things as:

(a) *Job Potential.* Does the Company have the ability to provide training in worthwhile marketable jobs? Will the jobs provide opportunity for career advancements, good benefits, and wage increases? Is the company and industry of which it is a part stable or growing? Is the company known for good labor practices and policies?

(b) *Starting Wage.* Does the job offer an acceptable wage which is at least the prevailing rate for similar jobs in the labor market area? (More points were given for higher paying jobs.)

(c) *Special Incentives.* Have normal entrance requirements or pre-employment tests and prerequisites been waived to allow the disadvantaged to be hired? Will the employer provide additional training beyond the contract period? Will special consideration be given for high school drop-outs, ex-offenders, minorities, and others whom the company has historically not considered for employment?

Other things were included in the rating system, such as expected educational development and an evaluation of the skill code contained in the *Dictionary of Occupational Titles.* The higher skill codes gave more points to the job. Using the above questions as guidelines, the contract service representative would make the rating and submit it with the contract for funding to the contracting officer. This rating system, or something similar, could be used by prime sponsors, not only to determine the desirability of contracting for a given job but also to establish priorities in funding for OJT contracts.

(5) Prime sponsors should plan and utilize OJT to a much greater extent. CETA is quite limiting in the ways that private-sector employers can directly participate in programs. The Department of Labor encourages more private-sector involvement in employment and training programs. OJT programs are vehicles to help give private-sector employers an opportunity to be involved in a major CETA program. Employers can and should have the opportunity to contribute to the resolution of employment and training problems facing their communities.

Beyond these suggestions, there is a continuing need for review and study of OJT programs if we practitioners are to make them a more effective and efficient means of training. For example, ways should be sought to develop greater accountability to the public for expenditure of time and money in OJT programs.

In sum, we believe OJT is the most direct approach to regular private employment for a disadvantaged worker. With imagination and persistence, this useful employment and training tool can be honed to even greater effectiveness.

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☆ U.S. GOVERNMENT PRINTING OFFICE: 1978 O—244-893

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